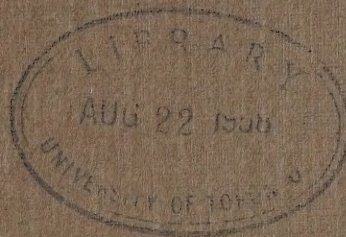


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HYDRO-ELECTRIC INQUIRY COMMISSION

REPORT
ON
EXAMINATION OF AUDITOR'S REPORTS
FOR
PERIOD 1916-1921 INCLUSIVE

W. D. GREGORY, CHAIRMAN
M. J. HANEY
LLOYD HARRIS
J. ALLAN ROSS
R. A. ROSS

COMMISSIONERS
JOSEPH H. W. BOWER
SECRETARY

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To His Honor Murray Cockburn,
 Lieutenant-Governor of the Province of Ontario.
 May it Please Your Honor:

Having been appointed by commission issued by
 Your Honor to inquire into, consider and report upon,
 amongst other things, all matters of expenditure and
 administration of the Hydro-Electric Power Commission of
 Ontario, hereinafter called "the Commission" we have
 inquired into and heard evidence upon the Auditor's

Reports on the transactions of the Commission, and
Examination of Auditor's Reports
 respectfully submit this Report upon same. Features of
 these reports which, in our opinion, should be brought
 to your Honor's attention.

Period 1916-1921 Inclusive

It was the original intention of the Legislature
 to have all revenue of the Commission paid into the
 Consolidated Revenue Fund of the Province, and this was
 so provided in the Act establishing the Commission in
 1904. No sums appear to have been paid over to the
 Government under the provisions of this Act.

Prior to the year 1916 the accounts of the
 Commission were subject to audit by the Provincial Auditor.
 Although the reports of the Provincial Auditor contain
 reference to these accounts, it would seem that no
 thorough audit of them was ever made by him. The published

Examination of Auditor's Reports

^{for}
COPY

Period 1916-1921 Inclusive

To His Honor Henry Cockshutt, Provincial Auditor and the
Chairman Lieutenant-Governor of the Province of Ontario.

May it Please Your Honor:- a character. In his report of

1916, the Provincial Auditor describes the attitude of the

Having been appointed by commission issued by
Commission as one of "defiant disobedience" by the law,
Your Honor to inquire into, consider and report upon,
and complaining that information required by him has been
amongst other things, all matters of expenditure and
withheld so that it has been found impossible to complete
administration of the Hydro-Electric Power Commission of
any audit or make any progress approaching completion.
Ontario, hereinafter called "the Commission" we have
in the same report he stated that:

inquired into and heard evidence upon the Auditor's
"The annual statements rendered by the
Reports on the transactions of the Commission, and
Treasurer for the years 1909 to 1916 inclusive,
respectfully submit this Report upon some features of
fail to disclose the existence of a large sum
these reports which, in your opinion, should be brought
in 1911 to 1913 inclusive.
to your Honor's attention.

in a manner of controlling the expenditures of
It was the original intention of the Legislature
the Commission, Honorable R. W. McQuay, then Provincial
to have all revenue of the Commission paid into the
Treasurer, proposed the appointment by the Government of
Consolidated Revenue Fund of the Province, and this was
a Comptroller who should countersign all cheques for the
so provided in the Act establishing the Commission in
Commission, cause proper books to be kept and a yearly audit
1906. No sums appear to have been paid over to the
made, and an amendment to the Power Commission Act which the
Government under the provisions of this Act.

provided was subsequently made by the Legislature. In 1917
Prior to the year 1916 the accounts of the
the Legislature changed the Act again and this time provided
Commission were subject to audit by the Provincial Auditor.
that the Commission might, with the approval of the Govern-
Although the reports of the Provincial Auditor contain
ment, appoint a Comptroller. This was a decided modification.
reference to these accounts, it would seem that no
No appointment has been made by the Commission and nothing
thorough audit of them was ever made by him. The published
Further has been done in the matter.

To His Honor Henry Cockburn,

Lieutenant-Governor of the Province of Ontario.

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amongst other things, all matters of expenditure and
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inquired into and heard evidence upon the Auditor's
Reports on the transactions of the Commission, and
respectfully submit this Report upon some features of
these reports which, in our opinion, should be brought
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It was the original intention of the Legislature
to have all revenue of the Commission paid into the
Consolidated Revenue Fund of the Province, and this was
so provided in the Act establishing the Commission in
1902. No sums appear to have been paid over to the
Government under the provisions of this Act.
Prior to the year 1916 the accounts of the
Commission were subject to audit by the Provincial Auditor.
Although the reports of the Provincial Auditor contain
reference to these accounts, it would seem that no
thorough audit of them was ever made by him. The published

correspondence between the Provincial Auditor and the Chairman of the Commission indicates their relations were not of the most harmonious character. In his report of 1916, the Provincial Auditor describes the attitude of the Commission as one of "defiant disobedience" to the law, and complains that information required by him has been withheld so that it has been found impossible to complete any audit or make any progress approaching completeness. In the same report he stated that:

"The annual statements rendered by the Commission to the Honourable the Provincial Treasurer for the years 1909 to 1915 inclusive, afford no actual accounting information and fail to disclose the existence of a large and rapidly increasing unauthorized expenditure in the years 1911 to 1915 inclusive."

As a means of controlling the expenditures of the Commission, Honorable F. W. McGarry, then Provincial Treasurer, proposed the appointment by the Government of a Comptroller who should countersign all cheques for the Commission, cause proper books to be kept and a yearly audit made, and an amendment to the Power Commission Act which so provided was subsequently made by the Legislature. In 1917 the Legislature changed the Act again and this time provided that the Commission might, with the approval of the Government, appoint a Comptroller. This was a decided modification. No appointment has been made by the Commission and nothing further has been done in the matter.

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"The annual statements rendered by the Commission to the Honourable the Provincial Treasurer for the years 1909 to 1915 inclusive, afford no actual accounting information and fail to disclose the existence of a large and rapidly increasing unaccounted expenditure in the years 1911 to 1915 inclusive."

As a means of controlling the expenditures of the Commission, Honourable E. W. McGarry, then Provincial Treasurer, proposed the appointment by the Government of a Comptroller who should countercheck all cheques for the Commission, cause proper books to be kept and a yearly audit made, and an amendment to the Power Commission Act which so provided was subsequently made by the Legislature. In 1914 the Legislature changed the Act again and this time provided that the Commission might, with the approval of the Government, appoint a Comptroller. This was a decided modification. No appointment has been made by the Commission and nothing further has been done in the matter.

In May, 1916, Mr. G.T. Clarkson, of the firm of Clarkson, Gordon & Dilworth, Accountants, was appointed by the Government auditor of the Commission's accounts and since that time Mr. Clarkson has made a series of reports to the Government upon the Commission's operations. Mr. Clarkson began his audit in July, 1916, and covered the whole period from the organization of the Commission in 1906 to October 31st, 1916. It was February, 1918, before his draft report was completed.

In his report to the Government for the year which ended October 31, 1919, Sir Adam Beck says that Mr. Clarkson's report for the period from 1906 to 1916 was duly presented to the Treasurer of Ontario. This statement is hardly correct. It is true that the report of Mr. Clarkson for this period was drafted. This draft report was discussed by Mr. Clarkson with Honorable T. W. McGarry, in February, 1918, but it was never formally presented, never formally received and never printed or published. In reply to our inquiry of Mr. Clarkson as to why this report was not formally presented, Mr. Clarkson says that the report was nothing but a series of criticisms of the Commission for overstepping authority in one direction or another and that it was thought best, before presenting the report for the Legislature, to make amendments to the Power Commission Act so that many things referred to in the draft

report which had been illegal under the Act as it stood would be legal under the Act as amended.

Mr. Clarkson helped to draft amendments to the Act. Many of these amendments, if indeed, not all of them, appear to have been of a beneficial character. After the Act had been so amended in the spring of 1918, Mr. Clarkson handed in his report for the period ending October 31st, 1917. "I have a very definite idea in my mind," said Mr. Clarkson, "as to the way accounts should be modelled and should be carried down to display the actual progress of the Commission. I put the accounts in that shape and then modelled the legislation to follow it.... In presenting that account to October 31st, (1917) it was completely modelled on the legislation which went through in April, 1918..... That is the position with regard to the 1916 report which was not reported till 1918, because it was thought desirable to bring it into line with that legislation..... In other words, we moulded the accounts to the shape they ought to take."

This was certainly a most effective, if unusual course of action. The accounts, not conforming to the law, the law was made to conform to the accounts. An objection to the course that was followed was that Mr. Clarkson's criticisms of the Commission for "the overstepping of authorities in one direction or another" did not come to the attention of either the Legislature or the public. No one reading the report as made would dream that Mr. Clarkson

report which was made public and was not to be made public
be legal under the act as amended.

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Many of these amendments, it is said, not all of them, appear

to have been of a beneficial character. After the act had

been amended in the spring of 1917, Mr. Clarkson

in his report for the period ending October 31st, 1917.

"I have a very definite idea in my mind," said Mr. Clarkson,

"as to the way accounts should be modeled and should be

carried over in order to reflect the actual situation of the Commission.

I put the accounts in that shape and then modeled the figures

in order to follow it. In presenting that account to

the Board of Directors, I was completely satisfied as to the

figures which were shown in April, 1918. That is the

position with regard to the 1918 report which was not reported

until 1918, because it was thought desirable to bring it into

the 1918 report. In the 1918 report, we showed the

accounts in the shape they were in then."

With this testimony a great objective, it is said,

course of action. The accounts, not conforming to the law,

the law was in violation of the account. In 1918

to the course that was followed was that Mr. Clarkson's

criticism of the Commission for "the oversteering of

authorities in one direction or another" did not come to the

assistance of either the Legislature or the public. It was

travelling the report to show that Mr. Clarkson

had found conditions to be such as he describes. Mr. Clarkson has kindly furnished us with a copy of this draft report and we shall hereafter refer to it as "the 1916 report".

It is clear from the extracts from this report and the other reports made by Mr. Clarkson from year to year and from which we quote, that the Commission throughout has shown an impatience of statutory restraints and a disregard of statutory obligations. It has gone further than this. Where one person holds money in trust for another the terms of the trust should be always scrupulously observed, but time and again the Commission has used trust funds in its hands for wholly unauthorized purposes. According to Mr. Clarkson this misappropriation has gone on from year to year down to the present day. **COPY**

Where, however, the Commission has failed to observe the law, it has, in many instances, later gone to the Legislature and asked it to legalize what has been illegally done. This practice has become a confirmed habit with the Commission and the Legislature has encouraged the Commission to disregard the laws which the Legislature has passed by validating year after year, apparently without protest or objection, much of what has been illegally done.

We shall deal paragraph by paragraph with the statements made by Mr. Clarkson to which we have referred, but in order that the details on which the statements are mainly

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It is clear from the extracts from this report and the

made by Mr. Alexander from year to year and

which we quote, that the Government has a right

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...and I have been thinking about this for some time.

and, therefore, the results are not directly comparable with those of other studies.

THESE RESULTS ARE IN AGREEMENT WITH THE FINDINGS OF OTHER STUDIES.

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1994, 1995). The following are the findings:

the fact is that, in every instance, the same

willen sich nicht aus der Welt ziehen, sondern sie werden sich weiter engagieren.

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based may be readily available, we are attaching to the report an appendix wherein the exact comments and criticisms made by the Auditor are set forth.

(1) Advances made by the Province to the Commission employed as Working Capital.

In the 1916 report Mr. Clarkson states that the Commission has been using \$771,204.60 of advances, made by the Province to the Commission, as working capital. The repayment of such funds to the Province by the municipalities had not been provided for by the Power Commission Act and the Province might have remained indefinitely the creditor of the Commission for these funds. Under the law as it then stood the Commission had no power whatever to use these funds as working capital nor to collect from the municipalities moneys to pay interest on the funds so used. In a later report the Auditor again reported that up to October 31, 1917, the Province was still creditor of the Commission in respect of funds advanced by it and used as working capital to the extent of \$753,460.40. At the Session of 1918 the Legislature provided that the Commission might retain and set apart out of the moneys coming into its hands from time to time such sums as may, in the opinion of the Commission, be sufficient to pay interest on working capital, and this has since been done.

Mr. Clarkson, however, points out that while the Act provides that the Commission may collect from the municipalities interest on working capital it does not provide for repayment by the municipalities of advances so employed, but he states that it is contemplated that the advances will eventually be repaid to the Government out of the renewal and other reserve funds in process of accumulation. The fact that this working capital is to be repaid out of the reserve and other funds affords another strong reason for keeping these funds up to a proper standard.

COPY

(2) Default by any Municipality in making Payment of its proportionate share of Costs.

In the 1916 report, Mr. Clarkson points out that in the event of a municipality or corporation failing to pay its share of the cost of operating the system, the Commission has no authority to assess such loss against other municipalities in the system and that as a consequence of this the loss would ultimately be charged against the Province.

This matter was dealt with by the Legislature and power was given to the Commission to set up a reserve for doubtful debts, this reserve to be contributed to by all municipalities and a fund thus provided for paying uncollectible debts.

- (3) Policy adopted by the Commission of not enforcing full payment of Annual Costs chargeable against Municipalities newly contracting.

Prior to the passage in 1918 of what is now Section 23 (a) of the Power Commission Act, the Commission was not authorized to extend the time for payment of sums payable by a municipality to the Commission, but notwithstanding the absence of this power it had become the policy of the Commission to grant extensions. Under the amendment of 1918 the Commission has the power to extend to any date the time for payment of accounts accruing due to it during the first three years after the municipality begins to take power and has exercised this power in a number of instances. In the report made by the **COPY** Auditor for the year which ended October 31st, 1919, he states that during that fiscal year the accounts owing by municipalities which have been operating under the Commission for three years or more prior to October 31st, 1918, were increased. In the reports for 1919, 1920 and 1921 the Auditor specifically sets out the municipalities in each system which have been in operation for more than three years but are still in arrears for power charges. The experience of the Commission shows how difficult it is for a Commission to collect from a defaulting municipality in its system.

Mr. Clarksen points out that the Commission has some times been disposed to sell power at less than cost. "In conducting the affairs of the undertaking", he says, "the Commission has found it impracticable to enforce full payment

annually from all municipalities newly contracting for the reason that to do so would in many instances compel the imposition of rates so onerous and excessive as to imperil their enterprise at times when they need support ... The Commission," he says, "has adopted the policy in some cases of charging moderate rates for power in the expectation that an increased volume of business thereby obtained will prove sufficient to meet current cost and deficits or provide a basis for adjustment at a price which will not prove to be an undue burden".

(4) Renewal Funds

In his report for 1916 and again in his report for 1921 the Auditor states that the Commission was apparently using its renewal funds for purposes contrary to the provisions of the Act. In his report for 1921 the Auditor again deals with this subject and says:

"It is essential in the interests of the Province and the municipalities that funds for the renewal of works shall be available for use as and when required and that they be not invested in physical assets not readily realizable".

Mr. Clarkson states that he has discussed the matter with the Chairman of the Commission who informs him that the Commission desires and intends to invest the surplus from time to time of such funds (over the amount of liquid resources)

...the ...
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(4) General ...
 In his report for this ...
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 provisions of the ... in his report for 1941 the Auditor
 again deals with this subject and says:
 "It is essential to the interests of the
 ...
 ...
 he has invested in physical assets not
 readily realizable."

Mr. Glavin states that he has discussed the matter

... and ...

... and ...

in securities of a character which can be realized upon when and as required. Such action would be in accord with sound business principles, and the Power Commission Act might well be amended so as to make it obligatory upon the Commission to invest its renewal reserves, or a definite proportion thereof, in securities of the character mentioned.

There appears to be no doubt that the Commission has no authority to use funds received or collected for specific purposes, for unauthorized purposes.

(5) Collection of Interest on Working Capital

Although not authorized by the Power Commission Act so to do, the Commission, prior to 1918, collected from the municipalities interest on working capital. The fact that they had not such power was drawn to the attention of the Government by the Auditor in his report of 1916, and by Section 6c (2) of the Power Commission Act, 1918, power was given to the Commission to collect interest on working capital. Under the provisions of Section 23 (a) of this Act interest on capital expenditures and on working capital is payable annually by municipal corporations.

(6) Surpluses collected from certain municipalities and the use of same.

Prior to the amendment to the Power Commission Act in 1918 by the addition of Section 6 (d), the Commission had

no right to collect from the municipalities moneys in excess of actual cost of power. By Section 6 (d) the following authorization in this respect was given to the Commission:

"Any surplus or part thereof in the hands of the Commission from any municipality may be retained by the Commission as security against future obligations to the Commission of the same municipality for so long during the continuance of the contract of the municipality as the Commission may think fit, but the Commission shall allow to the municipality interest at the rate of four per centum per annum, upon the amount of such surplus from time to time retained by the Commission".

The Auditor in his report made in 1918 states that the Commission had, prior to this time, come into possession of a substantial amount of surplus which it retained as security either against the payment of sinking fund requirements or with a view to lower rates for power in future. While Section 6 (d) as in this paragraph set forth, does not specifically authorize the Commission to collect surpluses from the municipalities, the right to retain surpluses coming into its hands and paying interest thereon at the rate of 4 per cent. per annum for the use of such funds would seem necessarily to carry with it the right to obtain such surpluses by means of charges included in power rates. If there is any doubt as to the interpretation of this section it might well be amended so that any question as to the right of the Commission under this Section to build up and use such surpluses would be avoided.

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The doctor in his report said: in 1918 we saw that the

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(continued from page 6)

and service and Commission to be less expensive than the

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the results are consistent with the hypothesis that the

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U.S. DEPARTMENT OF AGRICULTURE

(continued from page 6)

Approved as true and correct: _____

1984-1985, 1986-1987, 1988-1989, 1990-1991, 1992-1993, 1994-1995, 1996-1997, 1998-1999, 2000-2001, 2002-2003, 2004-2005, 2006-2007, 2008-2009, 2010-2011, 2012-2013, 2014-2015, 2016-2017, 2018-2019, 2020-2021, 2022-2023, 2024-2025, 2026-2027, 2028-2029, 2030-2031, 2032-2033, 2034-2035, 2036-2037, 2038-2039, 2040-2041, 2042-2043, 2044-2045, 2046-2047, 2048-2049, 2050-2051, 2052-2053, 2054-2055, 2056-2057, 2058-2059, 2060-2061, 2062-2063, 2064-2065, 2066-2067, 2068-2069, 2070-2071, 2072-2073, 2074-2075, 2076-2077, 2078-2079, 2080-2081, 2082-2083, 2084-2085, 2086-2087, 2088-2089, 2090-2091, 2092-2093, 2094-2095, 2096-2097, 2098-2099, 2100-2101, 2102-2103, 2104-2105, 2106-2107, 2108-2109, 2110-2111, 2112-2113, 2114-2115, 2116-2117, 2118-2119, 2120-2121, 2122-2123, 2124-2125, 2126-2127, 2128-2129, 2130-2131, 2132-2133, 2134-2135, 2136-2137, 2138-2139, 2140-2141, 2142-2143, 2144-2145, 2146-2147, 2148-2149, 2150-2151, 2152-2153, 2154-2155, 2156-2157, 2158-2159, 2160-2161, 2162-2163, 2164-2165, 2166-2167, 2168-2169, 2170-2171, 2172-2173, 2174-2175, 2176-2177, 2178-2179, 2180-2181, 2182-2183, 2184-2185, 2186-2187, 2188-2189, 2190-2191, 2192-2193, 2194-2195, 2196-2197, 2198-2199, 2200-2201, 2202-2203, 2204-2205, 2206-2207, 2208-2209, 2210-2211, 2212-2213, 2214-2215, 2216-2217, 2218-2219, 2220-2221, 2222-2223, 2224-2225, 2226-2227, 2228-2229, 2230-2231, 2232-2233, 2234-2235, 2236-2237, 2238-2239, 2240-2241, 2242-2243, 2244-2245, 2246-2247, 2248-2249, 2250-2251, 2252-2253, 2254-2255, 2256-2257, 2258-2259, 2260-2261, 2262-2263, 2264-2265, 2266-2267, 2268-2269, 2270-2271, 2272-2273, 2274-2275, 2276-2277, 2278-2279, 2280-2281, 2282-2283, 2284-2285, 2286-2287, 2288-2289, 2290-2291, 2292-2293, 2294-2295, 2296-2297, 2298-2299, 2300-2301, 2302-2303, 2304-2305, 2306-2307, 2308-2309, 2310-2311, 2312-2313, 2314-2315, 2316-2317, 2318-2319, 2320-2321, 2322-2323, 2324-2325, 2326-2327, 2328-2329, 2330-2331, 2332-2333, 2334-2335, 2336-2337, 2338-2339, 2340-2341, 2342-2343, 2344-2345, 2346-2347, 2348-2349, 2350-2351, 2352-2353, 2354-2355, 2356-2357, 2358-2359, 2360-2361, 2362-2363, 2364-2365, 2366-2367, 2368-2369, 2370-2371, 2372-2373, 2374-2375, 2376-2377, 2378-2379, 2380-2381, 2382-2383, 2384-2385, 2386-2387, 2388-2389, 2390-2391, 2392-2393, 2394-2395, 2396-2397, 2398-2399, 2400-2401, 2402-2403, 2404-2405, 2406-2407, 2408-2409, 2410-2411, 2412-2413, 2414-2415, 2416-2417, 2418-2419, 2420-2421, 2422-2423, 2424-2425, 2426-2427, 2428-2429, 2430-2431, 2432-2433, 2434-2435, 2436-2437, 2438-2439, 2440-2441, 2442-2443, 2444-2445, 2446-2447, 2448-2449, 2450-2451, 2452-2453, 2454-2455, 2456-2457, 2458-2459, 2460-2461, 2462-2463, 2464-2465, 2466-2467, 2468-2469, 2470-2471, 2472-2473, 2474-2475, 2476-2477, 2478-2479, 2480-2481, 2482-2483, 2484-2485, 2486-2487, 2488-2489, 2490-2491, 2492-2493, 2494-2495, 2496-2497, 2498-2499, 2500-2501, 2502-2503, 2504-2505, 2506-2507, 2508-2509, 2510-2511, 2512-2513, 2514-2515, 2516-2517, 2518-2519, 2520-2521, 2522-2523, 2524-2525, 2526-2527, 2528-2529, 2530-2531, 2532-2533, 2534-2535, 2536-2537, 2538-2539, 2540-2541, 2542-2543, 2544-2545, 2546-2547, 2548-2549, 2550-2551, 2552-2553, 2554-2555, 2556-2557, 2558-2559, 2560-2561, 2562-2563, 2564-2565, 2566-2567, 2568-2569, 2570-2571, 2572-2573, 2574-2575, 2576-2577, 2578-2579, 2580-2581, 2582-2583, 2584-2585, 2586-2587, 2588-2589, 2590-2591, 2592-2593, 2594-2595, 2596-2597, 2598-2599, 2600-2601, 2602-2603, 2604-2605, 2606-2607, 2608-2609, 2610-2611, 2612-2613, 2614-2615, 2616-2617, 2618-2619, 2620-2621, 2622-2623, 2624-2625, 2626-2627, 2628-2629, 2630-2631, 2632-2633, 2634-2635, 2636-2637, 2638-2639, 2640-2641, 2642-2643, 2644-2645, 2646-2647, 2648-2649, 2650-2651, 2652-2653, 2654-2655, 2656-2657, 2658-2659, 2660-2661, 2662-2663, 2664-2665, 2666-2667, 2668-2669, 2670-2671, 2672-2673, 2674-2675, 2676-2677, 2678-2679, 2680-2681, 2682-2683, 2684-2685, 2686-2687, 2688-2689, 2690-2691, 2692-2693, 2694-2695, 2696-2697, 2698-2699, 2700-2701, 2702-2703, 2704-2705, 2706-2707, 2708-2709, 2710-2711, 2712-2713, 2714-2715, 2716-2717, 2718-2719, 2720-2721, 2722-2723, 2724-2725, 2726-2727, 27

THIS SECTION TO BUILD UP AND USE THESE DEPENDENT

0001070

- (7) Losses arising from Merchandising and
(8) Manufacturing Electrical Equipment.

In his report of 1916 the Auditor recommends that the Commission be authorized to charge any losses arising through merchandising to operations, because, under the then existing conditions the Province was obliged to bear any losses incurred. This subject was dealt with by adding Section 15 (a) which gave the Commission wide powers to manufacture electrical equipment and to acquire patents of invention or interests in patents of invention and to sell and dispose of such machinery, appliances, furnishings or patent rights, the profits and losses arising from such operations being adjusted and apportioned among the municipalities having contracts with the Commission, or otherwise applied as the Commission might determine.

While the Act authorizes the Commission to carry on certain manufacturing operations, the Act does not clearly define from what source the funds to carry on such operations shall be obtained, but the Commission has used working capital or amounts obtained under specific appropriations in meeting current expenses in connection with this phase of the work. It might be well that the Act should be so amended as to provide that the Commission may use moneys in its hands voted as working capital to defray current expenses in connection with manufacturing operations, or in the alternative that it shall obtain such funds under specific appropriation, the same to be repaid after the costs of operation have been

(17) The Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant.

In the report of the Commission dated the 1st day of March, 1904, it is stated that the Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant.

condition the Province was obliged to bear any losses incurred. The subject was dealt with by adding Section 16 (1) which gave the Commission the power to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant. The Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant. The Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant. The Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant.

While the Act authorizes the Commission to carry on its work, it does not authorize it to do so without the sanction of the Government. The Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant. The Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant. The Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant. The Commission is of the opinion that the Commission should be authorized to make such investigations as may be necessary for the purpose of determining the validity of the claims of the applicant.

adjusted and apportioned among the municipalities having contracts with the Commission.

(9) Sale of Power by one System to another.

Prior to the amendment of the Power Commission Act in 1918, the Commission had no power to sell power generated in one system to another system. This is pointed out by the Auditor in his report of 1916. Notwithstanding the absence of this power one system had been selling to another. Section 23 (c) and 23 (d) of the Power Commission Act, 1918, gave the necessary authority for one system to sell power to another system, the price to be determined by the Commission. This was a beneficial amendment to the Act. The exchange of power has been carried on between the Wasdells, Eugenia and Severn Systems.

The question has been raised as to whether the price charged a system for power should include an amount to cover sinking fund charge, and if it does include sinking fund is the system which buys the power and contributes to the sinking fund acquiring an equity or right of ownership in the works and structures of the supplying system? When the amendments to the Act were made in 1918 it does not appear that it was the intention of the Legislature to give the system purchasing power an equity in the system supplying it, and such a right appears never to have been recognized by the Commission. It appears that any amounts collected in respect of sinking fund

adjusted and approved among the municipalities having

jurisdiction over the territory.

(1) With reference to the subject of a system.

There is no question of the propriety of the Commission and its

staff, the Commission has no power to sell power generated in

one system to another system. This is pointed out by the

Commission in its report of April, 1915, recommending the system

of this system one system had been selling to another. Section

24 (a) and (b) of the Public Utilities Act, 1915, state that

no person shall sell power to another person in violation

of the Act, the price to be determined by the Commission. This

was a beneficial amendment to the Act. The exchange of power

has been supplied by various and sundry means and means

of power.

The question has been raised as to whether the price

of a system for power should include an amount to cover

the cost of the system, and it is also included in the

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are being used to amortize the capital cost of lines and structures necessary in supplying power to the receiving system, the supplying system thus gaining any advantage that may arise from such sale. This would appear to be the proper basis on which the problem should be treated, but if there is any doubt as to the real intention and interpretation of the Act in this respect it would be well to make the matter clear by appropriate legislation.

(10) Acquisition of Service and Office Buildings in Toronto.

In the report of 1916 the Auditor points out that it is doubtful whether the Act at that time permitted the Commission to acquire property, such as service and office buildings and to invest therein funds held for renewal purposes, and further states that it is necessary for the Commission to obtain the consent of the Lieutenant-Governor in Council. It appears clear that the buildings of the Commission in Toronto were erected without any authority under the Power Commission Act. In 1918, however, the necessary power was given by Section 9 of the Act of that year, amending the Power Commission Act by adding thereto Section 15 (b). By Subsection 2 of the above mentioned Section the action taken by the Commission in purchasing property and erecting buildings in Toronto was confirmed, and by Subsection 3 it was provided that expenditures made by the Commission for this purpose shall be repayable to it by the municipal corporations which have entered into

are being used to amortize the capital cost of lines and
equipment necessary in supplying power to the receiving
system, the supplying system must deliver and maintain that
power (the same rule). This would appear to be the reason
behind the whole idea of amortization, and it seems to
be based on the fact that amortization and depreciation of the
and in this respect it would be well to make the amortization
by appropriate legislation.

(10) Amortization of lines and other facilities is essential.
In the report of 1914 the committee stated that it is
essential that the rate of interest should be fixed at a
reasonable figure, such as 6 per cent, and that the rate
to invest therein should be held for renewal purposes, and further
stated that it is necessary for the Commission to make the
amortization of the investment-allowance in the report. It appears
clear that the principle of the amortization is to provide a
method of amortizing the investment in the transmission and
in 1914, however, the necessary power was given by section 3
of the act of that year, amending the power commission act of
1907 (chapter 10 of the laws of 1907). By section 3 of the above
mentioned act the action taken by the commission in
regarding property and amortizing buildings in 1914 was
authorized, and by section 4 it was provided that amortization
made by the commission for this purpose shall be reported in
it by the municipal corporations which have entered into

contracts with it, by an annual sum sufficient to form in thirty years a sinking fund for the repayment of the cost of the property.

It seems remarkable that when, as Mr. Clarkson points out in his 1916 report, it was at least doubtful whether under the Act the Commission had power to acquire properties of the character mentioned and invest therein funds held for renewal purposes, and when it was clear that it could not do so in any event without the consent of the Government, it should have used renewal funds for this purpose and should never have applied for or received the Government's consent. If its powers were doubtful, application should have been made to the Legislature to make them clear, and in any event it should not have been done prior to the consent of the Government being given.

(11) Use of Funds of Central Ontario System.

In his report of 1916 and in succeeding reports the Auditor calls the attention of the Government to the fact that the Commission had used the funds of the Central Ontario System for the purposes of another system. The Central Ontario System is not part of what is popularly known as the "Hydro System" but was purchased and is owned by the Province and is operated by the Commission for the Government under the provisions of "The Central Ontario Power Act 1916". It is clear that the action taken by the Commission in diverting

The Auditor in his report for the year ended December 31, 1917, funds voted for Central Ontario for works in systems operated by it under the Power Commission Act was wholly unwarranted, and the Auditor was fully justified in bringing the matter year after year to the attention of the Government of the day. The action taken by the Commission in diverting funds was never approved by the Legislature. Finally the funds diverted from the Central Ontario system were paid back to the Government.

(12) Expenditures on Niagara Development in excess of Advances therefor made by the Province.

Year after year, from 1917 up to 1921, the Auditor reported to the Government that the expenditures made by the Commission on the **COPY** Niagara Development exceeded advances made therefor by the Legislature and that the excess so expended on the Niagara Development was taken by the Commission out of other funds. Up to October 31st, 1917, the Auditor states, the Commission had expended on this project \$2,376,789.50 although to this date the Legislature had only authorized the expenditure of \$1,200,000.00 for this purpose, leaving a balance of \$1,176,789.50 which was taken from general funds of the Commission. At October 31st, 1918, the expenditures made by the Commission on the Niagara Development exceeded the advances voted therefor by \$2,475,970.95, which amount was taken out of other funds of the Commission. In 1919 the same thing occurred again and the Auditor states in his report for that year that the expenditures upon the works amounted to \$7,162,999.24, or \$1,162,999.24 more than had been voted for it. The Commission had

its hands. In his report for the year ended October 31, 1920, Mr. Clarkson states that the expenditures on Niagara Development exceeded appropriations made by the Province in the amount of \$4,486,896.22, and in his report for the following year he states:

"Of the \$58,019,366.89 so expended upon the works, sums aggregating \$53,040,674.52 were appropriated by the Province and paid over to October 31st, 1921, for such purposes and the balance of \$4,977,692.37 was applied out of moneys advanced by the Province to the Commission for the purposes of other Systems to the extent of \$4,806,215.78 and out of Renewal and Reserve Funds belonging to the Niagara System to the extent of \$171,476.59".

This large sum was expended by the Commission on the Niagara Development without any authority whatever and apparently without the knowledge of the Government.

Under the Ontario Niagara Development Act, 1916, it is provided by Section 4 (1) that:

"Cost of the construction and maintenance of the works authorized by this Act shall be defrayed out of such money as may, from time to time, be appropriated by the Legislature for that purpose, and the works which may be authorized under Section 3 shall be carried out and constructed as far as possible in such a manner that an appropriation made in any one fiscal year shall not be exceeded by the cost of the work to be carried out in that year".

When the Ontario Niagara Development Act of 1917 was passed, the Act of the previous year was not repealed and the Act of 1917 must, therefore, be considered as an amending Act. Under neither Act are all the powers of the Commission under the Power Commission Act conferred on the Commission

nor are all the powers of the Power Commission Act in respect of developments made applicable to the Queenston-Chippawa undertaking.

It is clear from the Auditor's reports and from the Acts quoted that the Commission has not the power and never had any power to employ funds in its hands, derived from other sources, for the purposes of the Niagara Development.

(13) Contracts with Municipalities and non-compliance with certain terms in them.

In his report of 1916 Mr. Clarkson says:

" In many contracts it is also provided that municipalities shall not take power in excess of the amount reserved for them upon notice. In a large number of instances municipalities are taking increased quantities of power from the lines supplying them and the Commission has not insisted upon written notices of demand being given in respect of the same, holding, as it does, that the taking of power is of the same effect as would be the giving of the written notice of demand. It is questionable if the contention of the Commission is correct but in any event it would appear to be entirely unwise on the part of the Commission or its officers to permit any departure from the express terms of the Contracts and to thereby possibly impair the security upon which both the Province and the Commission itself relies for protection".

Mr. Clarkson informs us that he requested the Commission to obtain from the municipalities definite undertakings in regard to the quantity of power to be taken by them. Later

not are all the powers of the lower Government are in progress

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and more has appeared a'round the more time it is

retrieved from <http://www.fishbase.org> on May 4, 2007.

Journal of Management Education 30(6)p.789-804

Approved: _____ Date: _____

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It is my intention to also provide some
information on the power in excess
of the power for them when needed. In
a large number of instances this has
taken increased quantities of power from the
lines supplying them and the Commission has not
insisted upon written notice of demand being
given in excess of the power, although we do insist
that the taking of power is of the same effect as would
be the giving of the written notice of demand. It is
the intention of the Commission to require in
the future that in any case it would appear to be
entirely within the purview of the Commission or
the officers to permit any departure from the
normal limits of the Commission and to thereby
possibly impair the security upon which the
Commission and the Government are relying.

Mr. Clinton informs us that he reported the Communist as

10. *Journal of the American Medical Association*, 1997; 277: 1033-1037.

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the standard form of contract was amended so as to provide that where a municipality takes power in excess of the maximum load stated in the contract it covenants not only to pay for such excess power, but thereby a new maximum load is automatically established.

(14) Salaries and Wages paid Employees of the Commission.

Under the original Power Commission Act it was provided that the Commission might appoint a Chief Engineer, an Accountant, a Secretary and such other officers as may be deemed requisite to be appointed by the Commission, and that their salaries shall be paid out of such moneys as shall be voted by the Legislature for the purpose. The Power Commission Act, as amended in 1914 and as it stands at the present time, provides:

6 (1) "The Commission may appoint a Chief Engineer, an Accountant and a Secretary, and such other engineers, accountants, officers, servants and workmen as may be deemed requisite.

(2) "The salaries or other remuneration of the Chief Engineer, Accountant and Secretary so appointed shall be fixed by the Commission, subject to the ratification of the Lieutenant-Governor in Council".

In every report made by the Auditor since 1916, including the Special Report made in 1918, the Auditor points out that the salaries of the Chief Engineer, the Accountant and Secretary have not been submitted to the Lieutenant-

the standard type of contract for the purchase of the
 that where a municipality takes power in excess of the
 maximum power fixed in the contract is not allowed and this
 in the case of such power, the power is not allowed and
 is automatically established.

(14) Limitation on the sale of power by the municipality.

Under the original Power Commission act it was provided
 that the Commission might acquire a power project, and
 thereafter, a contract and then after approval of the
 board of directors to be approved by the Commission, and that
 their relation should be such that of such money as shall be
 paid by the Commission for the project. The power com-
 mission act, as amended in 1914 and in 1915, provided
 present time, provided

3 (1) "The Commission may acquire a power project,
 or purchase and a contract, and may also
 acquire, construct, operate, maintain and
 dispose of any such power project."

(2) "The relation of power project to the
 chief engineer, assistant and secretary of
 the Commission shall be fixed by the Commission,
 subject to the approval of the board of
 directors."

is every report made by the auditor since 1910,
 including the special report made in 1910, the auditor found
 out that the relation of the chief engineer, the assistant
 and secretary have not been defined in the legislation.

Governor in Council for ratification in compliance with the Act. Neither the original nor the present Act has been complied with by the Commission, and in view of the frequent comments of the Auditor and the manifest duty of the Commission, it is surprising that the Government has overlooked this breach of the Statute and has allowed the breach to continue to the present time.

(15) Sinking Funds.

The Auditor in his report of 1916 points out that the Power Commission Act provides for an annual sum sufficient to form in thirty years a fund for the retirement of the securities issued by the Government for the payment of the cost of the works. He further states that at that time contracts with certain municipalities and companies had a life of less than thirty years and that this fact, together with the provision that municipalities are relieved from payment of sinking funds for the first five years of operation, left the Commission in the position of having its contract expire before payments to the sinking fund, necessary to build it up to the required amount, had been made.

In his Special Report of 1918 the Auditor in commenting upon the collection of sinking fund states that while the collection of such funds from the municipalities has been deferred for the first five years, the sinking fund

contributions in respect of works and lines supplying private concerns have been collected from the date when power was first delivered to them.

Mr. Clarkson's suggestion that the contracts with municipalities should be for a period, at least as long as the period for which the necessary contributions to the sinking fund are required to be made, appears to us to be sound and one that should be adopted.

Prior to 1918 all sums received by the Commission in respect of sinking fund were required to be paid over directly to the Treasurer of Ontario. By Section 15 (1) of the Power Commission Act enacted in 1918 the Commission is required to invest sinking funds in Provincial securities and deposit such securities with the Treasurer of Ontario as security for the repayment of advances and since 1918 this has been done.

Mr. Clarkson reports that the Treasurer of Ontario held on deposit as at October 31st, 1921, \$609,284.91 in respect of sinking fund monies, this sum being made up of \$475,000.00 paid over by the Commission to the Treasurer prior to 1918 and accrued interest thereon. In each report issued by him since 1918, Mr. Clarkson comments adversely on the failure of the Government to invest these funds in Provincial securities.

While it may have been the intention of the Legislature in enacting Section 15 (1) to provide that all sinking fund monies theretofore and thereafter collected and in the hands

of either the Commission or the Province should be invested in Provincial securities, the provisions of the Section were not declared retroactive, and further, while requiring investment of sinking funds by the Commission, it makes no reference to investment of sinking funds by the Province. It would appear, therefore, that all sinking funds paid over to the Province prior to the coming into force of the Amendment of 1918 are held under the provisions of the law as it then stood and pursuant thereto are required to be "applied from time to time in the retirement of the securities given by Ontario for any debt incurred under the authority of this Act". In other words, the Act neither authorizes or directs the Province to invest these monies in Provincial securities.

Our Accountants point out that it would be impossible for the Province to apply these monies in the retirement of securities as required inasmuch as they are on a sinking fund basis and must be allowed to accumulate for the unexpired portion of the sinking fund period. We would respectfully recommend, therefore, that Section 15 (1) of the Power Commission Act be amended to authorize and require all monies theretofore paid over to the Province on sinking fund account to be invested by the Government in Provincial securities.

(16) Collection of Construction Accounts.

It would appear from the Auditor's reports for various years that the Commission was very lax in the collection from

municipalities of accounts for construction work undertaken on their behalf by the Commission. In the report of 1916 the Auditor states:

".... it would appear to be advisable that they should be collected more promptly"

In the 1917 report the Auditor states in part as follows:

"Municipalities should be required to make adequate arrangements for payment to the Commission in respect of the construction of works, before such work be undertaken by the Commission".

In the Special Report prepared by the Auditor during the fiscal year 1918, attention is again directed to the fact that, while under Section 15a (2) of the Act the Commission is authorized to construct works and distribution systems for municipalities which have entered into contract with the Commission for a supply of power, and the Commission is empowered to collect the cost of same from such municipalities, on October 31st, 1917, the sum of \$364,137.66 was due to the Commission in respect of municipal construction accounts and that of this amount \$150,227.98 was in arrears three months or more and on the 30th June, 1918, still remained unpaid.

In the report for the fiscal year 1918 the Auditor again refers to this subject and points out that the overdue accounts, including balances due on construction and sales account, amounted to \$172,768.67, approximately \$91,000. of which was represented by accounts part of which had been owing since the years 1915 and 1916.

Since that date the Auditor states that the Commission has been more prompt in making its collections and that at

(22)

expenditure of resources for the purpose of the census.

to the effect of the census. In the report of 1910

the census was

"... it would appear to be advisable that they should be collected more promptly..."

in the 1910 report the census was not as complete

"Municipalities should be required to make adequate arrangements for payment to the Commission in respect of the construction of works, before work is undertaken by the Commission."

In the 1910 report prepared by the census

Board for 1910, attention is drawn to the fact

that, while under the 1910 Act the Commission

is authorized to collect rates and other charges for

municipalities which have entered into contracts with the

Commission for a supply of power, and the Commission is

empowered to collect the rates of such towns and villages

which, in 1910, 1911, the rate of 1906, 1907 was the

the Commission in respect of municipal corporations

and that of this amount 1910, 1911 was in respect of the

on rate and on the 1910, 1911, 1912, 1913, 1914, 1915

In the report for the census year 1910 the census

board is 1910, 1911 and 1912 and 1913 and 1914 and 1915

including balance and in 1910, 1911, 1912, 1913, 1914, 1915

amounted to 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917

represented by 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917

The years 1910 and 1911.

It is stated that the census was not as complete

and that the census was not as complete

the present time the accounts against the municipalities are, as a general rule, collected by the Commission when due.

It is interesting to note that Section 15a (2) above referred to was enacted in 1916 to "take effect as from the 31st day of October, 1916" - apparently the retroactive effect being given to legalise construction of works, etc. by the Commission undertaken without statutory authority.

(17) London and Port Stanley Railway.

The action taken by the Commission in temporarily using moneys for the construction of the London & Port Stanley Railway has **COPY** already been referred to by us. It is very pointedly commented upon by the Auditor in his report of 1916 and his report for the fiscal year ending October 31st, 1917. He says:

"There would appear to be no authority in the Act permitting the Commission to expend moneys on the construction of an electric railway. To that extent, expenditure of moneys for such a purpose was beyond the powers of the Commission".

"Between September, 1914, and October, 1917, the Commission expended \$309,128.14, on construction work and equipment in connection with an electric railway between London and Port Stanley, and charged the whole of this expenditure to the London Railway Commission which controls the line for the City of London. Such advances were repaid to the Commission in sundry amounts between August 1915 and October 1917. Section 15a (2) of the Act empowers the Commission to undertake and carry out "the installation, construction, erection or purchase of supplies for any plant, machinery, wires, poles and other things for the transmission, distribution, supply or use

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being money for the construction of the houses & for
The action taken by the Government in temporarily

There would appear to be no authority in the law permitting the Committee to conduct research on the construction of an electric railway. To that extent, the Committee is not authorized to conduct such a survey beyond the powers of the Committee.

the Commission expended \$300,126.14, on construction work and equipment in connection with an electric railway between London and Port Stanley, and charged the whole of this expenditure to the London Railway Commission which controls the line for the City of London. Such advances were repaid to the Commission in monthly amounts between August 1918 and October 1919. Section 12a (2) of the 1st Amendment to the London Railway Commission Act, 1914, empowers the Commission to construct, and carry out "the installation, construction, erection or purchase of supplies for any plant, machinery, works, lines or other interest in the transmission, distribution, supply or use of electricity."

of electrical power or energy for heat, light or power purposes by a municipal corporation or commission which has entered into a contract with the Commission for a supply of electrical power or energy." It is contended that there was no authority in the Act permitting the Commission to expend moneys on the construction of an electric railway. To the extent, therefore, that the expenditure of moneys was for such a purpose it was beyond the powers of the Commission and without authority".

As pointed out by the Auditor, there is no statutory or other authority to justify the Commission's undertaking the construction work of the London & Port Stanley Railway or expending thereon moneys in its hands for other purposes. This is perhaps one of the most striking cases of misuse by the Commission of trust funds in its possession for purposes and uses which were entirely outside its scope of authority, as defined by the Power Commission Act.

(18) Rural Lines operated by the Commission.

In this connection the Auditor in his 1917 report states:

"These lines unless later taken over by the municipalities will, under the contracts, remain the property of the Commission".

The construction and operation of distribution works in rural power districts was provided for by Part 11b of the Power Commission Act passed in 1920. As pointed out by

of electrical power or energy for heat,
light or power purposes by a municipal
corporation or commission which has entered
into a contract with the Commission for a
supply of electrical power or energy. It
is considered that there was no authority in
the act providing the Commission to acquire
property or the construction of an electric
railway. In the subject, therefore, that the
acquisition of property was not within the scope
of the powers of the Commission
and without authority."

is pointed out by the Auditor, there is no authority
or other authority to justify the Commission's undertaking
the construction work of the Union & West Reading Railway
or acquiring property in the same for other purposes.
This is perhaps one of the most striking cases of misuse of
the functions of these boards in the possession of property
and uses which were entirely outside the scope of authority,
as defined by the Power Commission Act.

(12) Local lines operated by the Commission.

In this connection the Auditor in his 1917 report

states:

"When ... lines which have been
by the Commission will, under the
provisions, remain the property of the
Commission."

The construction and operation of distribution works
in rural areas, therefore was provided for by Part III of
the Power Commission Act passed in 1909. As pointed out by

the Auditor, they do not, when paid for, become the property of the municipalities.

(19) Essex System.

In referring to this System, the Auditor in his reports for the years 1918 and 1921, says:

"The Essex System is owned by the Hydro-Electric Power Commission of Ontario, the municipalities served being without contractual interest in it".

"The costs of power, including provisions for renewals and sinking fund, were \$30,500.51, as against which the revenue amounted to \$17,813.24, leaving a deficit of \$12,687.27".

"To October 31, 1920, the Commission had advanced \$149,516.68 to the Essex System out of renewal and reserve funds held by it to the credit of other power systems. In the fiscal year ending October 31, 1921, such advances were reduced by \$22,376.34, leaving a balance still owing as of date October 31, 1921, of \$127,141.34".

Under the powers of Section 8 (f) of the Act, the Commission purchased this system issuing its bonds therefor to the amount of \$226,000. guaranteed by the Province. In the operation of the system by the Commission it employed renewal and other reserve funds held by it to the credit of other municipalities for the purpose of making advances to the system. There does not appear to be any warrant for the Commission using renewal and other reserve funds in this way and it would seem most improper to so use them. The Act

the Committee, they do not, when held in, contain the property
of the municipalities.

(10) REVENUE

It is pointed out that the Committee in its report

for the years 1918 and 1921, says:

"The power system is owned by the State
Electric Power Commission of Ontario,
the municipalities having no interest
in it."

"The power of power, including transmission
for transmission and selling land, were
\$2,500,000, an amount which the revenue
amounted to \$17,000,000, leaving a deficit
of \$14,500,000."

"To October 31, 1921, the Commission has
received \$1,000,000 from the State
for the purchase of power from the State
and for the purchase of power from the State.
It is to the credit of other power systems.
In the fiscal year ending October 31, 1921,
such advances were reduced by \$25,375.00,
leaving a balance still owing to the
State of \$1,000,000."

Under the power of Section 8 (2) of the Act, the
Committee has received this report from the State
in the amount of \$25,375.00, representing the revenue.
The operation of the system by the Commission is subject
to the power of the State and it is to the credit of
other municipalities for the purpose of raising advances to
the power. There is no report as to the revenue of
the Commission under the power and it is to the credit of
the State and it is to the credit of the State.

makes no provision for operating deficits such as have been incurred in the operation of the Essex System.

(20) Thorold System.

In the audit report for the period ending October 31st, 1919, it is pointed out that the Commission purchased the Thorold System for the sum of \$100,000 which was paid for by the Commission in forty-year 4% bonds of the Commission bearing date December 1st, 1918, guaranteed by the Province of Ontario. In connection with the purchase, the Auditor states:

"As at present held, the Thorold System is owned and operated by the Commission at its own risk".

In the audit report for 1920 it is pointed out that as no part of the revenue of the Thorold System was paid to the Commission by the municipalities or others for the purpose of meeting sinking fund instalments, the Commission has not invested the sinking fund of the system in securities of the Province of Ontario for delivery to the Treasurer. In this connection the Auditor now advises that since his report of 1920 the amounts collected in respect of sinking fund have been invested in securities of the Province.

In the report for 1921 the Auditor states that on December 20th, 1920, the municipality of Thorold entered into a contract with the Commission to purchase power on a cost basis, but that up to the 31st October, 1921, the generation

...in the operation of the ... system.

(2) ...

In the ... report for the period ... 1916, it is ... the ... of the ... 1916, ... by the ... of ... in ... the ...

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In the ... report for 1916 it is pointed out that ... of the ... of the ... the ... of the ... the ... of the ... the ... of the ... the ... of the ...

In the ... report for 1916 the ... of the ... the ... of the ... the ... of the ... the ... of the ...

and transmission costs of the Ontario Power Company had not been determined, in consequence of which the Commission collected from Thorold an interim rate based on estimates made by the Commission's engineers.

In further analyzing the operation of this system it is found that for the eleven months ending October 31st, 1919, a surplus of \$4,392.32 resulted, after allowing for interest, provision for renewals and provision for sinking fund. The accounts as of October 31st, 1921, show an operating profit for the year of \$43,966.85, or a total surplus to that date of \$57,565.86. The Commission used this surplus and retained it for the purpose of providing additional sinking fund reserve against the Commission's investment in intangible assets of the system which consisted of contracts, franchises and goodwill.

It would appear that both the Essex and Thorold Systems are owned outright as well as operated by the Commission. Since there is no statutory provision dealing with profit and loss on systems owned and operated by the Commission on its own behalf, such provision in the Act should be made if the practice is allowed to continue. Furthermore, in the event of systems so operated continuing to show deficits on operation, the Province will ultimately become responsible and it would appear necessary and desirable that the interest of the Province in such systems where there is no measure of municipal responsibility, should be properly safeguarded by amendments to the Act.

(21) Farming Operations.

During the year which ended October 31st, 1919, the Commission sustained a loss of \$53,408.63 in connection with its farming operations during that year. In all their losses from farming reached \$109,123.42. This loss does not include interest on the cost of the lands as they were operated practically rent free. These operations were carried on in connection with lands acquired in the purchase of right-of-way for the Queenston-Chippawa Power Development. In carrying on these operations the Commission purchased equipment, supplies and livestock, and sold the produce raised. The Auditor in his report for the year 1918 states that there is no provision in the Act which empowered the Commission to undertake farming operations or to expend money for such purposes. The Auditor further informs us that during the first year deficits arising out of these operations were charged against service building accounts, but latterly they have been charged against the Queenston-Chippawa Development costs.

It was unnecessary for the Commission to carry on these unhappy farming operations itself. It would have been much better for it to have leased the properties at a trifling rental, or in fact no rental at all, to capable men who would have worked the properties themselves, than to have undertaken farming on its own account. Had this course been followed the lands would have been kept in just as good condition, and probably in much better condition, than under the Commission, and the loss referred to would have been saved.

(22) Ontario Power Company.

The Auditor in the Special Report completed by him in 1918, and in subsequent audit reports for that year and the years 1919 and 1920, deals very fully with the various questions arising out of the purchase by the Commission from Mr. J. J. Albright of Buffalo of the capital stock of that company and its subsidiary, the Ontario Transmission Company.

The general features of this purchase have been fully dealt with in our report on the Ontario Power Company, which deals with the legal aspects of the Ontario Power Company purchase as well as its present relationship to the Government, the Hydro-Electric Power Commission of Ontario and the municipalities. In connection with the provision in the Act requiring that the Commission shall invest in Provincial securities and transfer such funds so invested to the Treasurer of the Province, the Auditor in his 1919 report makes the following remarks:

"The capital stock of the Ontario Power Company, the Essex System and the Thorold System have all been acquired by the issue of the bonds of the Commission, guaranteed by the Province and while the Power Commission Act requires that all sinking funds received by the Commission must be invested in securities of the Province of Ontario, there is a question as to whether such securities may be retained by the Commission or must be transferred to the Treasurer of the Province."

In the audit report for 1920, the Auditor states that:

"It is the opinion of legal Counsel that there is now serious question as to whether the shares of the Ontario Power Company are not now so vested in the Commission as to require that the municipalities on the Niagara System make payment for power received from the Ontario Power Company on the same basis as is required under Section 23 of the Power Commission Act."

In connection with this matter it is further stated in the report that:

"It is of importance that the question be determined so that the Commission may be assured that such basis as it shall adopt in regulating the accounts of the Company and the Niagara System for the future is one proper to be adopted."

(23) Advances to Ontario Municipal Electric Association and the Ontario Hydro Radial Association.

COPY
The Auditor draws to the attention of the Government in all reports from 1918 to 1921 that the Commission has made advances to the Ontario Municipal Electric Association and also in certain cases to the Ontario Radial Association. To October 31st, 1918, the amount so advanced was \$9,493.30 and during 1919 the sum of \$4,466.63 was advanced to both Associations jointly. During the fiscal year ending October 31st, 1920, the total advances amounted to \$4,008.64, of which amount \$727.50 was charged to the administration expenses of the Commission and included in the cost of power to the various municipalities, while the balance, amounting to \$3,281.14 was charged to Hydro Radial Railway construction.

The advances for the year 1921 of \$5,866.07 were made up of \$655.52 charged to administrative expenses and the

"It is the opinion of the Board of Directors that the
in new capital structure as in 1954, the
of the Board of Directors, and the
as to the Board of Directors, and the
that the Board of Directors, and the
which requires the Board of Directors, and the
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is required under Section 11 of the
Administrative Code."

In connection with this matter it is further

stated in the report that:

"It is of importance that the Board of Directors
be advised that the Board of Directors, and the
Board of Directors, and the Board of Directors, and the
in reviewing the accounts of the Board of Directors,
and the Board of Directors, and the Board of Directors,
one proper to be adopted."

(23) Administrative Code, Section 11, Board of Directors

The Board of Directors, and the Board of Directors, and the

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To October 1, 1954, the amount advanced was \$2,432.20

and during 1954 the amount advanced was \$2,432.20

Administrative Code, Section 11, Board of Directors

Administrative Code, Section 11, Board of Directors

of the Board of Directors, and the Board of Directors, and the

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Administrative Code, Section 11, Board of Directors

The amount for the year 1954 of \$2,432.20 was

of the Board of Directors, and the Board of Directors, and the

balance \$3,229.55 charged as expenditures made by the Commission in connection with various projected Hydro Radial Railways, and together with other expenditures made in 1920 and 1921 in respect of such railways, was later charged against the Province. The total advances made to the Ontario Municipal Electric Association to October 31st 1921, reached \$21,853.64. This was in effect a subsidy from the Commission to this Association.

In each of the reports above referred to, the Auditor states that it is questionable if any provision within the Act permits the Commission to make expenditures of such a character out of funds of the Commission. In the report of 1920 the wording in this connection is as follows:

COPY

"The authority of the Commission to make the disbursements of \$727.50 charged to the administrative expenses of the Commission is open to question. The expenditures of \$3,281.14 charged to Hydro Radial construction out of funds held by it for the benefit of Power Systems was beyond its powers."

Thus it will be seen that in spite of repeated comments by the Auditor on the validity of the action of the Commission, the Commission still continued to make advances out of trust funds in its possession, without authority under the Act or without any special appropriations being made therefor by legislation. These expenditures were wholly illegal.

(24) Thunder Bay System.

In the reports for 1918 and 1921, the Auditor draws to the attention of the Government that the Commission has re-extended the term of payment by the municipalities of

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Port Arthur and Port William of the capital invested in the works of the system over a period of forty years instead of thirty years as provided by Section 23 of the Act. It had no right to extend the period from 30 to 40 years.

While the Act does not authorize the extension of the sinking fund period beyond thirty years, the Government was fully aware of the change made in this respect as it confirmed by Order-in-Council the agreement which was made between the Commission and the municipalities of Port Arthur and Port William.

(25) Hipigon Interest.

In the 1921 report the Auditor refers to the insufficiency of the funds paid to the Government in respect of borrowings for the purposes of the Hipigon works. He says:

"On the assumption that the Province was and is prepared to accept interest at 5% per annum on all advances made by it to the Commission for the purposes of the Hipigon works, the Commission reduced interest charges in respect of such advances and to October 31, 1921, to conform with such rate. To give effect to such reduction the sum of \$71,785.41 was deducted from the interest payment made to the Province on October 31st, 1921, while a further sum of \$5,562.04 stands charged to Suspense Account to be deducted from interest payments to be made to the Province in the fiscal year ending October 31st, 1922."

"In view of the provisions of Section 15(1a) and 25 of the Act, if the basis adopted by the Commission in its accounts is to be made permanent and valid it is a question if legislative approval of the same is not necessary to be obtained."

The Commission has been authorized to extend the period for the payment of the interest on the bonds for a period of six years from the date of the maturity of the bonds.

While the act does not authorize the extension of the period for the payment of the interest on the bonds, the Commission has been authorized to extend the period for the payment of the interest on the bonds for a period of six years from the date of the maturity of the bonds.

(39) Interest on Bonds

The Commission has been authorized to extend the period for the payment of the interest on the bonds for a period of six years from the date of the maturity of the bonds.

The Commission has been authorized to extend the period for the payment of the interest on the bonds for a period of six years from the date of the maturity of the bonds.

The Commission has been authorized to extend the period for the payment of the interest on the bonds for a period of six years from the date of the maturity of the bonds.

Municipal corporations under Section 23(b) and 23(c) are required to pay annually their proportion of an annual sum to form in thirty years a sinking fund for the repayment of the advances made by Ontario for the payment of the cost of the works and such sum as the Lieutenant-Governor may direct to cover the difference between the four per cent. charged on capital account, advances for working capital, and all charges and expenses of providing such money.

The Auditor advises that the deficiency in interest amounts have since been adjusted on the Commission's books, but have not as yet been paid over to the Government on account of not having sufficient funds available for the purpose.

This matter was fully dealt with by us in our interim report on the Thunder Bay System.

(26) Hydro-Electric Railway Construction.

Mr. Clarkson states that large sums of money were illegally diverted by the Commission for electric railways. The subject is of such importance that we are dealing with it in a separate report.

(27) Expenditures in excess of Appropriations by the Province.

In the 1919 report the Auditor says:

"Appropriations made by the Legislature during the year for the purposes of the Commission, but excluding those for the Chippawa Works and Central Ontario System ... amounted to a total of \$4,771,500.00; and "expenditures made by the Commission during the year in respect of such systems and for the purposes for which appropriations were made....."amounted to a total of \$2,503,140.94.

Municipal corporations under Section 20(b) and

also are required to pay annually their proportion of an

amount due to them in 1957 from a similar fund. The

percentage of the amount due to them is the same as the

percentage of the amount due to them in 1957 from a similar

fund. It is noted that the amount due to them in 1957 from a

similar fund is \$1,000,000.00. The amount due to them in 1957

from a similar fund is \$1,000,000.00. The amount due to them

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The amount due to them in 1957 from a similar fund is \$1,000,000.00.

The Auditor goes on to show that during the fiscal year ending October 31st, 1919, the Commission made requisition upon and obtained from the Province the whole of the moneys appropriated to cover the estimates put in for that period. After expenditures of portions thereof for the specific purposes for which they were voted, there remained in its hands a total of \$3,063,037.00 which it expended on other systems and works in excess of appropriations provided therefor, as follows:

On other systems.....	\$ 93,068.00
On Ontario Power Company and Third Pipe Line.....	1,811,270.00
On Queenston-Chippawa Works..	1,162,999.00
On Electric Railways, Engin- eering and Investigation, &c.	95,584.00
On Essex System Extension....	<u>98,973.00</u>
Total.....	\$3,261,894.00

Amount in hands of Commission.....	<u>3,063,037.00</u>
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Excess of expenditures over Legislative Appropriations...	<u>198,857.00</u>
--------------------------------------------------------------	-------------------

In the report for the year ending October 31st, 1920, the Auditor again submits a schedule comparing expenditures with appropriations. This schedule shows that there was appropriated for the Commission the sum of \$23,438,500.00 of which there was paid over to the Commission a total of \$18,313,500.00 and the same amount was expended by the Commission. Of this amount the sum of \$1,079,373.00, which had been obtained for expenditures on systems and other duly authorized purposes, was expended

The Auditor has on to show that during the
1930-1931 year ending October 31st, the Commission
also provided with the necessary funds to cover the expenses
wholly of the money appropriated to cover the expenses
put in for that period. After expenditure of portions
thereof the balance remaining in its hands a total of \$3,081,000.00
which is shown in the statement of assets in page 41.

appropriations provided therefor, as follows:

On other systems.....	\$2,000.00
On Ontario Power Company	
and Third Wife Line.....	1,811,270.00
On power lines.....	1,162,700.00
On electric lighting, heating	
and other buildings.....	41,000.00
On Housekeeping Expenses.....	25,000.00
Total.....	\$3,081,000.00

COPY

Amount in hands of
Commission..... \$3,081,000.00

Excess of expenditures over
appropriations..... \$1,000.00

In the report for the year ending October 31st,
1930, the Auditor again submits a schedule comparing
expenditures with appropriations. This schedule shows
that there was appropriated for the Commission the sum
of \$3,081,000.00 of which there was paid over to the
Commission a total of \$3,081,000.00 and the same amount
was expended by the Commission. Of this amount the sum
of \$1,000.00, which has been retained for expenditures
on systems and plant and equipment, was expended

on Hydro-Electric Radial Railways for which no appropriation had been made.

In none of the instances where the Commission departed from the law was there such urgency as to justify the act. There is no doubt that time and experience showed that change in the law as it stood were desirable and necessary. But the Legislature meets every year and would no doubt have readily passed any law which the Commission could show was reasonably required. No public interest would have suffered had this course been followed. Buildings were required by the Commission for their offices but under the law the Commission had no right to use the funds in its hands to meet the cost of construction. **COPY** If it had gone to the Legislature the necessary authority would doubtless have been given to it, but instead of going to the Legislature it went ahead, put up the buildings and spent the money without any authority so to do.

But the Auditor's reports show erection of the buildings was comparatively unimportant as compared with a number of other instances where the laws were overridden. Funds which the Legislature had voted for one purpose were used for another; appropriations made were exceeded by millions of dollars and trust funds were misapplied. That a public body, subject to the Legislature and the Government, should continue these practices year after year would seem unbelievable were the facts not established beyond question by the extracts from Mr. Clarkson's reports that we have quoted. The Chairman

on 10/10/1964

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In none of the instances where the Commission has

THE UNIVERSITY OF CHICAGO

There is no doubt that the development of the

In the law as it stands there is no provision for the

Let's make more every year and would no doubt have totally

Journal and the World for Socialists (1991) and previously

repeated. The positive interest would have continued had this

Source: *Journal of the American Statistical Association*, 1970, 65, 1, 1-11.

for the State Attorney General's Office.

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Approved for release by NSA on 09-10-2013 pursuant to E.O. 13526

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

But the smaller's report was awarded to the state.

1995 was designated as National Child Abuse Prevention Month.

Other instances were the last two weeks. Some with

THE INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

and that the total value of the goods was not exceeded by the value of the goods.

These results were also applied to the study of the effect of the concentration of the solution on the rate of the reaction.

the following and the Government, which is required to

THESE ARE THE RESULTS OF THE INVESTIGATION.

also not considered beyond question by the opposite camp

1. *Ullmann's* records that he never visited the witness.

evidently regarded legislatures, governments and auditors as so many nuisances to which no more attention should be paid than was absolutely necessary. He certainly ignored them.

When questioned by us as to certain expenditures made by him to which exception had been taken, Sir Adam Beck stated that the accounts of the Commission were passed upon by Mr. Clarkson whose examination of them was in the nature of a pre-audit. Sir Adam Beck had made a statement to the same effect when describing the operations of the Hydro-Electric Power Commission of Ontario to the Committee on Water Power of the House of Representatives at Washington. The following is an extract from the evidence given by him before this Committee:—

"I may say, our accounts are subject to audit by an independent firm of auditors, the firm of Clarkson and Company, of the City of Toronto, who stand very high in the estimation of the financial institutions of the city and the country. They audit our accounts - in fact, they pre-audit. There is a running audit, so that everything is checked up fully and thoroughly giving an assurance that our affairs are administered in a proper way not only to the Commissioners themselves, but also to the Treasurer of the Province and the various municipalities, who receive the annual statement."

The foregoing extract is very far from being correct and it is surprising that it should have been made. Mr. Clarkson makes no pre-audit and has never made one. His comments, already noted, show how far he has been from

[illegible]

and the missionaries, who receive the
the Treasurer of the Treasury and the
the missionaries themselves, but also to
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and shall have the receipt in

The following survey is with the same data source

and it is surprising that it should have been made. The
American people are entitled to know the truth about the
Soviet Union, and they are entitled to know the truth about
the Soviet Union's role in the world.

approving the acts of the Commission. When Mr. Clarkson was before us we questioned him on this subject. After referring to the evidence given before us by Sir Adam Beck he continued:

"He (Sir Adam Beck) says we audited from month to month and from day to day and from hour to hour, that we pre-audited. We did not pre-audit.

MR. J.A.ROSS: "The inference being that you had full knowledge before the event by that method?

A. "We had not. We audited after the event.... We were not pre-auditors, neither have we any power or control to say to the Commission, you shall or you shall not do this, so as to prevent the payment."

Yet while Mr. Clarkson made no pre-audit and possesses only limited powers, there is no doubt that he has had a most salutary influence upon the Commission.

DATED AT TORONTO, *Sept. 6* 1923

W. D. Gregory, Chairman
M. J. Hanev
Lloyd Harris
J. Allan Ross
R. A. Ross

approving the acts of the Commission. When Mr. Clarkson
 was before us we questioned him on this subject. After
 referring to the evidence given before us by the witness
 he continued:

"He (Sir Adam Beck) says we audited from
 month to month and from day to day and
 from hour to hour, that we pre-audited.
 We did not pre-audit."

MR. J.A. ROSS: "The inference being that
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 to say to the Commission, you shall or
 you shall not do this, or do that
 the payment."

MR. J.A. ROSS: "You are not pre-auditors and

possessing only limited powers, there is no doubt that he has
 had a most salutary influence upon the Commission."

DATED AT TORONTO, 1938

W. D. Gregory, Chairman
 M. J. Haney
 Lloyd Harris
 J. Allan Ross
 R. A. Ross

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APPENDIX

**Comments and Criticisms of the Auditor
in his reports upon the Accounts of the
HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO**

Period 1916 - 1921, inclusive.

- (1) **Advances made by the Province to the Commission
employed as Working Capital.**

"Up to October 31st 1916 the Province had advanced \$14,369,000 to the Commission of which \$1,011,207.05 had been charged back by the Commission against the Province in respect of services rendered and for expenditures made which were not chargeable to the operation of its works or recoverable from municipalities. Of the balance remaining amounting, with interest credited for the period 1909 to 1916, not paid over, to \$13,570,867.72 there had been expended upon works \$12,799,463.12, and the difference \$771,204.60 was employed as working capital. The Act does not provide for repayment by municipalities of capital beyond that which is invested in works and, therefore, to the extent that advances made by the Province are employed as working capital no provision for their repayment exists - the Province must accordingly remain a Creditor for the same, and this it was to the extent of \$771,204.60 on October 31st 1916."

(Draft Report to October 31, 1916, p.15)

"Up to 31st October 1917 ---- of the balance remaining ---- \$753,460.40 was employed by the Commission as Working Capital. The Act provides for the payment to the Province of interest on Working Capital, but it does not provide for repayment by the municipalities of advances so employed. Accordingly the Province remained a creditor of the Commission, as on 31st October 1917, for \$753,460.40, advanced as Working Capital, which it is contemplated will eventually be repaid by the Commission out of renewal and other reserve funds in process of accumulation."

(Special Report 1918, p.17)

A P P E N D I X

Comments and Criticism of the Auditor
in his reports upon the accounts of the
Various Departments of the Government

Period 1916 - 1921, inclusive.

(1) Advances made by the Province to the Commission
employed as working capital.

Up to October 31st 1916 the Province had
advanced \$14,582.00 to the Commission of which
\$1,011.00 had been charged back by the Com-
mission against the Province in respect of salaries
received and for expenditures made which were not
chargeable to the operation of its works or recovery
able from municipalities. Of the balance remaining
in 1916 to October 31st 1916, \$14,582.00 was
there had been expended upon works \$12,738.46, 12,
and the difference \$1,843.54 was employed as
working capital. The Act does not provide for
repayment by municipalities of capital beyond that
which is invested in works and, therefore, to the
extent that advances made by the Province are
employed as working capital no provision for their
repayment exists - the Province must accordingly
remain a creditor for the same, and this it was to
the extent of \$1,843.54 on October 31st 1916.
(First Report to October 31, 1916, p. 13)

Up to 31st October 1917 --- of the balance
remaining --- \$1,843.54 was employed by the
Commission as working capital. The Act provides
for the payment to the Province of interest on
working capital, but it does not provide for re-
payment by the municipalities of advances so employed.
Accordingly the Province must remain a creditor of the
Commission, as on 31st October 1917, for \$1,843.54,
advanced as working capital, which it is contemplated
will eventually be repaid by the Commission out of
revenue and other reserves (and in payment of account
thereon).
(Special Report 1916, p. 17)

- (2) Default by any Municipality in making payment of its proportionate share of Costs.

"In the event, therefore, that any Municipality or Corporation taking power from a system shall become unable to meet its share of the annual costs of operating the same, then the Commission will have no power to assess such share against the other municipalities or corporations within the system but must sustain a loss. This loss in turn must ultimately fall upon the Province for the reason that to the extent of it the Commission will stand deprived of the means upon which it depends to repay such advances made to it by the Province as are invested in works."

(Draft Report, 1916, p.16)

"In the event that any municipality or corporation taking power from a system shall become unable to meet its share of annual costs, the Commission is empowered to provide for bad debts so incurred out of income".

(Special Report, 1913, p.13)

COPY

- (3) Policy adopted by the Commission of not enforcing full payment of Annual Costs chargeable against Municipalities newly contracting.

"The provision that each taker of power shall make annual payment to the Commission of the price of power and the share of other costs allocated against it is undoubtedly intended to prevent the possibility of such losses occurring and could complete effect be given to it it would serve to do so. In conducting the affairs of the undertaking, however, the Commission has found it impracticable to enforce full payment annually from all municipalities newly contracting, for the reason that to do so would in many instances have compelled the imposition of rates so onerous and excessive as to have imperilled their enterprises at times when they needed support and before they had had opportunity to obtain a volume of business sufficient to spread the burden of the charges they are called upon to meet".

(Draft Report October 31, 1916, p.16-17)

"In conducting the affairs of the undertaking the Commission has found it impracticable to enforce full payment annually from all municipalities newly contracting for the reason that to do so would in many first years compel the imposition of rates so onerous and excessive as to imperil their enterprise at times when they need support and before they have had opportunity to obtain a volume of business sufficient to spread the burden of the charges they are called upon to meet. To meet this condition the Commission is authorized to extend the time for payment of amounts due by municipalities, or each portions thereof as it is necessary so to do, for upwards of three years from the times when they shall first take power from the Commission. The Commission has adopted the policy in some cases of charging moderate rates for power in the expectation that an increased volume of business thereby obtained will prove sufficient to meet current cost and deficits or provide a basis for payment at a price which will not prove to be an undue burden."

(Special Report, 1918, pp.18-19)

"The amounts due by certain of the municipalities which had been operating for three years or more prior to October 31st, 1918, were increased during the fiscal year ending October 31st 1919".

(Report for year ending October 31st 1919, p.15)

In the Reports for 1918, 1920 and 1921, Mr Clarkson specifies the municipalities in each system, which had been operating for more than three years and had underpaid for power.

(4) Renewal Funds.

"Having collected the amounts for the specific purpose of meeting the cost of renewals to the particular works in which each of the municipalities contributing was interested and employed them in the meantime for other purposes, the Commission would appear, in default of any provision in the Act to the contrary, to have assumed a right which may be in excess of its powers".

(Draft Report 1916, p.19)

(4) Continued.

"Renewal funds in the hands of the Commission amounted on October 31st 1921 to \$2,957,082.56 - as shown by the General Balance Sheet of the Commission - and such funds were at that time approximately equal to the liquid resources of the Commission held in the form of accounts receivable and trading inventories, where they were available for use when and as required. The demands on such funds are not likely to be heavy within the next few years and accordingly with the annual additions to be made to them - and interest allowances - they will in the ordinary course of events be substantially increased in that period. It is essential in the interests of the Province and the municipalities that funds for the renewal of works shall be available for use as and when required and that they be not invested in physical assets not readily realizable. I have discussed the matter with the Chairman of the Commission, who informs me that the Commission desires and intends to invest the surplus from time to time of such funds (over the amount of liquid resources) in securities of a character which can be realized upon when and as required".

(Report 1921, p.122)

(5) Collection of Interest on Working Capital.

"The Commission has made it a practice to charge interest upon debts due to it and upon certain items arising out of expenditures made, and by so doing, in some instances at an increased rate, it has to this point been able to recover sufficient to fully meet the interest which it has to pay. Authority should be given to the Commission empowering it to collect interest on working capital, as a cost of operating, to the extent of any shortage which may arise between the amount of interest which it has to pay in any year and that which it is able to collect in respect of works, investments and debts due to it".

(Draft Report, 1916, pp.17-18)

1965

10) *Salmonella* et *Shigella* en Suisse (1991).

(11-11-11) (11-11-11)

- (6) Surpluses collected from certain Municipalities and the use of same.

"The Commission has, however, come into possession of a substantial amount of surpluses which it has retained either as security against the payment of Sinking Fund requirements, the collection of which it has suspended for the time being, or with the intention of moderating rates for power to the municipalities interested in them, and it has made use of these funds for the general purpose of the undertaking, allowing interest upon them. The right of the Commission to retain such funds is not definite, while their employment for the general purposes of the undertaking would appear to be without authority".

(Draft Report, 1916, p.18)

"The Commission has, however, come into possession of a substantial amount of surpluses, which it has retained as security either against the payment of sinking fund requirements (from the payment of which a number of municipalities stand relieved at this time) or with the intention of moderating rates charged for power, and it has made use of these funds for the general purposes of the undertaking".

(Special Report, 1918, p.19)

- (7) Losses arising from Merchandising and
(8) Manufacturing Electrical Equipment.

"The Province must, as at present, bear them - To meet this condition the Commission should be allowed to charge such losses as a cost of operation or, if it may more equitably be so done - as in the event of loss from sale of power to a Corporation - against the system particularly concerned for the time being".

(Draft Report, 1916, p.20)

"If it is contemplated that the Commission shall manufacture appliances, it should be definitely authorized to do so. At present there is not clear authority in the Act permitting it to do so".

(Draft Report, 1916, p.21)

(5) Surprises collected from certain municipalities and the use of same.

The Commission has, however, been informed that it has received reports of municipalities which are not complying with the law. The Commission is not satisfied with the results of the investigation and it is necessary to take further action. The Commission is not satisfied with the results of the investigation and it is necessary to take further action. The Commission is not satisfied with the results of the investigation and it is necessary to take further action.

The Commission has, however, been informed that it has received reports of municipalities which are not complying with the law. The Commission is not satisfied with the results of the investigation and it is necessary to take further action. The Commission is not satisfied with the results of the investigation and it is necessary to take further action. The Commission is not satisfied with the results of the investigation and it is necessary to take further action.

(7) Surveys of the municipalities and the use of same.

(8) Surveys of the municipalities and the use of same.

The Commission has, however, been informed that it has received reports of municipalities which are not complying with the law. The Commission is not satisfied with the results of the investigation and it is necessary to take further action. The Commission is not satisfied with the results of the investigation and it is necessary to take further action. The Commission is not satisfied with the results of the investigation and it is necessary to take further action.

"It is in contemplation of the Commission that all municipalities and towns should be surveyed. It is in contemplation of the Commission that all municipalities and towns should be surveyed. It is in contemplation of the Commission that all municipalities and towns should be surveyed.

(9) Sale of Power by one System to another.

"The sale of power by the Commission acting on behalf of one system to itself acting on behalf of another system does not appear to have been contemplated by the Act. It would seem advisable, therefore, that provision as to sales of such a character should be made and also as to the conditions upon which they may be effected".

(Draft Report, 1916, p.21)

"The Commission acting separately on behalf of the Haskells System and on behalf of the Eugenia System supplies power to itself acting for the Severn System, and the Severn System in turn disposes of such power to certain corporations, both private and municipal. The transaction is of benefit to all systems and particularly to the Haskells and Eugenia Systems, where the municipalities comprising them obtain a measure of relief in the costs they are called upon to bear. Under the Power Commission Act the Commission has authority to divert power from one system to another and the price to be paid by the System receiving such power is determined by the Commission".

(Special Report, 1918, p.20)

(10) Acquisition of Service and Office Buildings in Toronto.

"The Commission has invested \$455,336.36, claimed to be part of the reserves established for renewal of works, in the purchase of lands and the erection of office and service buildings thereon in the City of Toronto. It is by no means certain that the Act permits the Commission to acquire properties of such character under any circumstances, but having done so the Commission was under the necessity of first obtaining the consent of the Lieutenant-Governor-in-Council thereto. This it did not do and no such consent has been obtained to this date".

(Draft Report, 1916, p.21)

(U) 2010 of Power by the United States

The United States is the only nation in the world that has the power to destroy itself. It is the only nation that has the power to destroy the world. It is the only nation that has the power to destroy the human race. It is the only nation that has the power to destroy the planet. It is the only nation that has the power to destroy the universe. It is the only nation that has the power to destroy everything.

The United States is the only nation in the world that has the power to destroy itself. It is the only nation that has the power to destroy the world. It is the only nation that has the power to destroy the human race. It is the only nation that has the power to destroy the planet. It is the only nation that has the power to destroy the universe. It is the only nation that has the power to destroy everything.

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(11) Use of Funds of Central Ontario System.

"In connection with the operation of such system by the Commission it has received certain advances from the Province, and also collected moneys from the sale of power, out of which funds it has made disbursements leaving in its hands as on October 31st 1916, the sum of \$188,536.29; this amount has been intermingled with other funds controlled by the Commission. The Commission has similarly dealt with \$166,487.09 in its hands (as on October 31st 1916) advanced to it in connection with the construction of works under the provisions of the Ontario and Niagara Development Act, and the Bank and cash balances in its hands on October 31st 1916 were insufficient to meet these two amounts let alone provide for any part of the Renewal Funds before mentioned. There is nothing in the Act permitting the Commission to merge the funds of one trust with those of another, but on the contrary it plainly must be under obligation to hold them intact and separate. If it be deemed desirable that the Commission shall be allowed to merge the funds of the various undertakings it has to do with, then it should be specifically authorized so to do, otherwise it would appear to be necessary that each fund shall be kept separate and intact for the purposes for which it has been obtained, subject to the Statutory right of the Commission to employ it, if it so desires, for the purposes of purchase and sale of electrical appliances."

(Draft Report, 1916, p.22)

In Mr Clarkson's Reports on the Accounts of the Commission for each year until 1921, attention is drawn to the fact that moneys belonging to the Central Ontario System were diverted to other purposes.

- (12) Expenditures on Niagara Development in excess of advances therefor made by Province of Ontario.

"Up to 31st October 1917 the Province had advanced \$1,200,000 to the Commission for the construction of the development works, as against which the Commission had expended \$2,376,789.50, the amount by which expenditures exceeded advances having been furnished out of the general funds of the Commission."

(Special Report, 1918, p.28)

"During the fiscal year ending 31st October, 1918, expenditures amounting to \$1,174,181.45 were made, raising the total investment on that date to \$7,550,970.95, distributed as follows:

Surveying before and during construction	\$75,099.47
Right-of-way	936,608.29
Construction plant and machinery	2,520,172.33
Temporary buildings	281,627.15
Construction (material and labour)	2,097,344.68
Engineering and superintendence	291,618.46
Materials and supplies on hand	910,747.56
Interest during construction	297,380.43
Overhead expenses, including insurance, Taxes, Rentals, Legal Expenses, Administrative and Office Expenses	140,372.58

\$7,550,970.95

"Advances made by the Province in connection with the development amounted, on 31st October 1918, to \$5,075,000, the amount by which expenditures exceeded these advances having been provided out of other funds of the Commission."

(Report on Accounts to October 31st 1918, p.7)

"Appropriations by the Legislature during the year for the purposes of the same amounted to \$6,000,000., the whole amount of which was paid over to the Commission. During the year expenditures upon the works amounted to \$7,162,999.24, the excess of \$1,162,999.24 having been applied by the Commission out of other moneys in its hands."

(Report on Accounts to October 31, 1919, p.18)

Journal of Experimental Studies in Psychology (11)
 - devoted to reports of experimental research in psychology

1. The first of these is the fact that the Commission has not yet received any information from the Government of the United States regarding the activities of the Committee for the Liberation of the People of the South (CLPS) in the United States.

1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 26

[illegible]

... ..

47,777,288.96

1. The Commission has received information from the Department of the Interior that the Bureau of Land Management is conducting a study of the feasibility of establishing a national system of public lands. The study is being conducted in cooperation with the Department of the Army and the Department of the Navy. The Commission is interested in the results of this study and in the recommendations of the Bureau of Land Management regarding the establishment of a national system of public lands.

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(Report on Accounts to October 31, 1919, p. 18)

FOR ENCLOSURE TO

(12) Continued.

"Of the \$26,846.896.22 so expended upon the works sums aggregating \$22,360,000 were appropriated by the Province and paid over - to October 31st 1920 - for such purposes, the balance of \$4,486,896.22 having been applied out of moneys advanced by the Province to the Commission for the purposes of other Systems."

(Report on accounts to October 31st 1920, pp.11-12)

"Of the \$58,018,366.89 so expended upon the works, sums aggregating \$53,040,674.52 were appropriated by the Province and paid over to October 31st, 1921, for such purposes and the balance of \$4,977,692.37 was applied out of moneys advanced by the Province to the Commission for the purposes of other Systems to the extent of \$4,806,215.78 and out of Renewal and Reserve funds belonging to the Niagara System to the extent of \$171,476.59."

(Report on accounts to October 31st, 1921, p.14)

COPY

(13) Contracts with Municipalities and non-compliance with certain terms in them.

"In many contracts it is also provided that Municipalities shall not take power in excess of the amounts reserved for them upon notice. In a large number of instances Municipalities are taking increased quantities of power from the lines supplying them and the Commission has not insisted upon written notices of demand being given in respect of the same, holding, as it does, that the taking of power is of the same effect as would be the giving of the written notice of demand. It is questionable if the contention of the Commission is correct but in any event it would appear to be entirely unwise on the part of the Commission or its officers to permit any departure from the express terms of the Contracts and to thereby possibly impair the security upon which both the Province and the Commission itself relies for protection."

(Draft Report, 1916, pp.25-26)

(15) Confidential

Of the \$25,000.00 to be expended from the
funds appropriated \$25,000.00 were appropriated
by the President and 100,000.00 were appropriated
for each purpose, one hundred of \$2,500.00
having been applied out of money received in the
exercise of the authority for the purpose of
other funds.
(Report on Expenditures to October 31st 1960, pp. 11-12)

For the year 1961, the amount of \$25,000.00 was appropriated
from the Treasury and 100,000.00 were appropriated
for each purpose and the balance of
\$2,500.00 was applied out of money received in the
exercise of the authority for the purpose of
other funds. It was noted that \$2,500.00 was not
at hand and having been received in the exercise
of the authority for the purpose of other funds.
(Report on Expenditures to October 31st 1961, pp. 11-12)

COPY

(16) Confidential - Security Information
This document contains information

It was noted that the amount of \$25,000.00 was appropriated
from the Treasury and 100,000.00 were appropriated
for each purpose and the balance of \$2,500.00 was applied
out of money received in the exercise of the authority for the
purpose of other funds. It was noted that \$2,500.00 was not
at hand and having been received in the exercise of the
authority for the purpose of other funds. It was noted that
the amount of \$25,000.00 was appropriated from the Treasury
and 100,000.00 were appropriated for each purpose and the
balance of \$2,500.00 was applied out of money received in the
exercise of the authority for the purpose of other funds.
(Report on Expenditures to October 31st 1962, pp. 11-12)

FOR ENCLOSURE TO

(14) Salaries and Wages paid Employees of the Commission.

"The salaries paid by the Commission have not been submitted to the Lieutenant-Governor in Council for ratification".
(Draft Report, 1916, p.26)

"Under Section 5 of the Act it is provided that the Commission may appoint a chief engineer, an accountant, a secretary and such other engineers, accountants, servants and workmen as may be deemed requisite; also that the salaries and other remuneration of the chief engineer, accountant and secretary so appointed shall be fixed by the Commission, subject to the ratification of the Lieutenant Governor in Council. The salaries being paid to such officers have not as yet been submitted to the Lieutenant-Governor in Council for ratification".
(Special Report, 1918, - p.22)

"The salaries being paid to such officers by the Commission have not yet been submitted to the Lieutenant-Governor in Council for ratification".
(Report on Accounts to October 31, 1918, p.20)

"The salaries of such officers have not yet been submitted to the Lieutenant-Governor in Council for ratification".
(Report on Accounts to October 31, 1919, p.23)

"To October 31st 1920, salaries of such officers had not been submitted to the Lieutenant-Governor in Council for ratification".
(Report on Accounts to October 31, 1920, p.87)

(14) Following the receipt of the
Committee.

The subject was by the Committee
and was referred to the Committee
Committee for investigation.
1940-1941, 1942, 1943

Under Section 5 of the Act it is provided that
the Committee may require a person to appear, and
to produce any documents or papers in his possession,
control or custody, and to answer questions
pertaining to the subject matter of the investigation.
The Committee may also require a person to appear
and to produce any documents or papers in his possession,
control or custody, and to answer questions
pertaining to the subject matter of the investigation.
The Committee may also require a person to appear
and to produce any documents or papers in his possession,
control or custody, and to answer questions
pertaining to the subject matter of the investigation.

(1940-1941, 1942, 1943)

The subject being paid to each officer by
the Committee and the Committee is the
Committee-Governor in Council for investigation.
(Report on Accounts to Governor 11, 1940, 1941, 1942)

The subject was by the Committee
and was referred to the Committee
Committee for investigation.
(Report on Accounts to Governor 11, 1940, 1941, 1942)

The subject was by the Committee
and was referred to the Committee
Committee for investigation.
(Report on Accounts to Governor 11, 1940, 1941, 1942)

(15) Sinking Funds.

"Under Section 23 of the Act each Municipality is required to pay its share as adjusted by the Commission of 'an annual sum sufficient to form in thirty years a sinking fund for the retirement of the securities issued by Ontario under the Act for the payment of the cost of the works' - the Commission is empowered to relieve municipalities from the payment of any sum on account of sinking fund account for the first five years during which payments are made to the Commission by the municipality under the contract with it. Any municipality immediately able to pay rates sufficient to meet sinking fund requirements is required to do so by the Commission, but in the event that a municipality cannot at once do so the Commission relieves it from having to make sinking fund payments until such time, within five years, as it is able to meet them. When it shall become able to, the first payment which it must meet is that which, otherwise, it would have paid for the fiscal year when it first took power from the Commission. Attention is drawn to the fact that contracts with certain municipalities and companies have a life of less than 30 years and then where municipalities are relieved of sinking fund payments, up to five years, the contract with them will have expired before complete payment of such sinking fund payments has to be made."

(Draft Report, 1916, p.29)

"Under Section 23 of the Act each municipality is required to pay its share as adjusted by the Commission of 'an annual sum sufficient to form in thirty years with interest at the rate of four per cent. per annum, a sinking fund for the repayment of the advances made by the Province'. The Commission is, however, empowered to relieve any municipality from the payment of any sum on account of sinking fund for the first five years during which payments are made to the Commission by the municipality under its contract. Under the powers thus conferred on it the Commission has relieved all municipalities from payment of sinking fund requirements during the first five years and has collected sinking fund from or charged sinking fund requirements to those municipalities only which have operated for a longer period. Sinking fund requirements in respect of works and lines supplying other than municipalities have been collected from the date of inception of supply."

(Special Report, 1918, p.24)

(15) Continued.

"Under sub-section 1 of Section 15 of the Power Commission Act all sums received by the Commission from municipal corporations and others on Sinking Fund account are required to be invested by the Commission in securities of the Province of Ontario - also all interest collected thereupon - and such securities must be delivered by the Commission to the Treasurer of Ontario as security for the re-payment of the advances made by the Province to the Commission. On 31st October 1918 all moneys paid by the Commission to the Provincial Treasurer on Sinking Fund account remained in the hands of the latter uninvested with interest credited thereupon from time to time at the rate of four per cent. per annum".

(Report on Accounts to October 31, 1918, p.11)

"The moneys paid to the Province by the Commission on Sinking Fund account have not as yet been invested by the Treasurer in securities of the Province - if complications are to be avoided this should be done."

(Report on Accounts to October 31, 1919, p.12)

"Under the provisions of Section 15 of the Act the \$557,122.63 deposited with the Treasurer of Ontario should be invested in securities of the Province and to October 31st 1920 this had not been done."

(Report on Accounts to October 31, 1920, p.73)

"Under the provisions of Section 15 of the Act the \$608,284.91 deposited with the Treasurer of Ontario should be invested in securities of the Province and to October 31, 1921, this had not been done."

(Report on Accounts to October 31, 1921, p.107)

(16) Collection of Construction Accounts.

".... it would appear to be advisable that they should be collected more promptly "

(Draft Report, 1916, p.39)

(16) Continued.

"Under Section 15a (2) of the Act, the Commission is authorized to construct works and distribution systems for municipalities which have entered into a contract with the Commission for a supply of power and the Commission is empowered to collect the cost of the same from such municipalities. A list of accounts due in this connection is attached hereto as Schedule 26. Formal contracts between the Commission and the municipalities covering the work done have not been signed, the Commission having accepted as sufficient for its purposes copies of resolutions passed by the local councils in connection with the same.

On 31st October 1917 \$364,137.66 was due to the Commission in respect of municipal construction accounts. Of this amount \$10,227.88 was three months or more overdue and on 30th June 1918 still remained unpaid. The Commission does not anticipate that any loss will be sustained in respect of these accounts, but it would appear advisable that they be collected more promptly and that municipalities should be required to make adequate arrangements for payment to the Commission in respect of the construction of works before such work be undertaken by the Commission."

(Special Report, 1918, p.32)

"The sum of \$478,861.15 was on 31st October 1918, due to the Commission in respect of municipal construction and supply-sales accounts, and of such amount, \$172,768.67 was three months or more overdue and remained unpaid on 28th February, 1919. A list of all such accounts outstanding is attached hereto as Schedule 46. It is not anticipated by the Commission that any loss will be sustained in respect of these accounts.

Of the overdue debts amounting to \$172,768.67, approximately \$51,000 is represented by accounts, part of which have been owing since the years 1915 and 1916".

(Report on Accounts to October 31, 1918, p.12)

(RE. 9, 2401, #7095-9 1-1-52)

(Report on Accounts as October 31, 1919, p. 12)

(17) London & Port Stanley Railway

"Between September 1914 and May 1916 the Commission expended \$237,650.23 on construction work in connection with an electric railway between London and Port Stanley, and charged the whole of this expenditure to the London Railway Commission which controls the line for the City of London."

".....there would appear to be no authority in the Act permitting the Commission to expend moneys on the construction of an electric railway. To that extent expenditure of moneys for such a purpose was beyond the powers of the Commission."

(Draft Report, 1916, p.44)

"Between September 1914 and October 1917 the Commission expended \$309,128.14 on construction work and equipment in connection with an electric railway between London and Port Stanley, and charged the whole of this expenditure to the London Railway Commission which controls the line for the City of London. Such advances were repaid to the Commission in sundry amounts between August 1915 and October 1917. Section 15a (2) of the Act empowers the Commission to undertake and carry out "the installation, construction, erection or purchase of supplies for any plant, machinery, wires, poles and other things for the transmission, distribution, supply or use of electrical power or energy for heat, light or power purposes by a municipal corporation or commission which has entered into a contract with the Commission for a supply of electrical power or energy". It is contended that there was no authority in the Act permitting the Commission to expend moneys on the construction of an electric railway. To the extent, therefore, that the expenditure of moneys was for such a purpose it was beyond the powers of the Commission and without authority".

(Special Report, 1918, p.36)

(18) Rural Lines operated by the Commission.

"These particular lines, unless later taken over by the municipalities, will, under the contracts, remain the property of the Commission".

(Special Report, 1918, p.42)

UNITED STATES LABOR COMMISSION

The Commission has been organized since 1914 and has been working for the improvement of the conditions of the working class. It has been organized with the following objects in view: to investigate the conditions of the working class, to report on the results of its investigations, to recommend measures for the improvement of the conditions of the working class, and to assist in the execution of such measures. The Commission has been organized with the following objects in view: to investigate the conditions of the working class, to report on the results of its investigations, to recommend measures for the improvement of the conditions of the working class, and to assist in the execution of such measures.

The Commission has been organized since 1914 and has been working for the improvement of the conditions of the working class. It has been organized with the following objects in view: to investigate the conditions of the working class, to report on the results of its investigations, to recommend measures for the improvement of the conditions of the working class, and to assist in the execution of such measures. The Commission has been organized with the following objects in view: to investigate the conditions of the working class, to report on the results of its investigations, to recommend measures for the improvement of the conditions of the working class, and to assist in the execution of such measures.

(Special Report, 1918, p. 36)

(12) These lines operated by the Commission.

These particular lines, unless later shown, are by the Commission, and, unless the Commission, remain the property of the Commission. (Special Report, 1918, p. 36)

(19) Essex System.

"The Essex System is owned by the Hydro-Electric Power Commission of Ontario, the municipalities served being without contractual interest in it."

(Report on Accounts to October 31, 1918, p.7)

"A combined operating and revenue account of the whole system for the five months ending 31st October 1918, is attached hereto as Schedule 39. The costs of power, including provisions for renewals and sinking fund, were \$30,500.51, as against which the revenue amounted to \$17,813.24, leaving a deficit of \$12,687.27".

(Report on Accounts to October 31, 1918, p.39)

"To October 31, 1920, the Commission had advanced \$149,516.68 to the Essex System out of renewal and reserve funds held by it to the credit of other power systems; in the fiscal year ending October 31, 1921, such advances were reduced by \$22,375.34, leaving a balance still owing as of date October 31, 1921, of \$127,141.34".

(Report on Accounts to October 31, 1921, p.63)

(20) Thorold System - (\$93,541.56)

"This represents the purchase price paid by the Commission for the former "Battle" system at Thorold, \$100,000 less funds \$458.44 belonging to the System and in the hands of the Commission on 31st October 1919. The assets comprising the System purchased from James Battle on 1st December 1918, consist of a power transmission system in the vicinity of Thorold together with the contracts, franchises and goodwill in connection therewith. The purchase price was paid in 40-year 4 per cent. bonds of the Commission, dated 1st December 1918, and guaranteed by the Province of Ontario. As at present held the Thorold System is owned and operated by the Commission at its own risk."

(Report on Accounts to October 31, 1919, p.7)

1931 State Report

"The Board of Directors of the State of New York, in its report to the Legislature for the year 1931, has the honor to state that the Board has the pleasure to announce that the State of New York has received a net income of \$1,000,000,000 for the year 1931, which is a record for the State of New York." (Report on Accounts for October 31, 1931, p. 1)

"The Board of Directors of the State of New York, in its report to the Legislature for the year 1931, has the honor to state that the State of New York has received a net income of \$1,000,000,000 for the year 1931, which is a record for the State of New York." (Report on Accounts for October 31, 1931, p. 1)

"The Board of Directors of the State of New York, in its report to the Legislature for the year 1931, has the honor to state that the State of New York has received a net income of \$1,000,000,000 for the year 1931, which is a record for the State of New York." (Report on Accounts for October 31, 1931, p. 1)

(10) Report on Accounts for October 31, 1931, p. 1

"This report of the Board of Directors of the State of New York, in its report to the Legislature for the year 1931, has the honor to state that the State of New York has received a net income of \$1,000,000,000 for the year 1931, which is a record for the State of New York." (Report on Accounts for October 31, 1931, p. 1)

(20) Continued.

"Under Section 15 of the Act, all sums received by the Commission from municipal corporations and others on Sinking Fund account shall be invested by the Commission in securities of the Province of Ontario and all interest accruing thereon; and such securities shall be delivered by the Commission to the Treasurer of Ontario as security for repayment of the advances made by the Province to the Commission. As no part of the revenue of the Thorold System was paid to the Commission by municipalities or others for the purpose of meeting Sinking Fund instalments, the Commission has not invested the Sinking Funds of the System in securities of the Province of Ontario for delivery to the Treasurer of Ontario".

(Report on Accounts to October 31, 1920, p.44)

"On December 20th 1920, the municipality of Thorold entered into a contract with the Commission to purchase power at the cost of delivering the same, including operating expenses and interest and provisions for renewal of works and for sinking funds to repay the capital investment therein. In the opinion of the Engineers of the Commission the price to be paid by Thorold as the cost of delivery of such power thereto, should include the proportionate part of the generation and transmission expenses of the Ontario Power Company, from which the supply of power is purchased by the Thorold System and supplied therefrom to the Town of Thorold, which is one of the power customers of the System. Up to the present time the generation and transmission costs of the Ontario Power Company have not been allocated so as to determine the proportionate part payable by the Town of Thorold on the power supplied to it and the Commission has accordingly (in the year ending October 31st 1921) collected from Thorold an interim rate of \$22.25 per horse power, which rate is based on the estimates of the Engineers of the Commission and is considered by them to be a fair estimate of the cost of delivering power to Thorold".

(Report on Accounts to October 31, 1921, p.67)

(21) Farming Operations.

"During the fiscal year 1918, farming was carried on by the Commission on lands purchased for the Niagara Power Development Works and not then required for excavation or construction. Equipment supplies and live stock were purchased and the bulk of the produce raised was sold.

"It is stated that these farming operations were undertaken by the Commission in the interests of production, having regard to war conditions and with a view to utilizing lands, a large proportion of which would otherwise have remained idle. No provision appears in the Act, however, which empowered the Commission to undertake farming operations or to expend moneys for such a purpose."

(Report on Accounts to October 31, 1918, p.10)

"For the fiscal year ending October 31st 1919 and with failure of crops, a further loss of \$53,408.63 was met with. To the extent that this loss properly concerned the maintenance of the farms - for the purpose of permitting realization of them to advantage - it should be deducted from the prices which shall be obtained with their sale, when the balance remaining can be credited against the cost of all the lands acquired for the purposes of the Chippawa Development Works. To the extent, however, that such farming operations exceeded those which were necessary to maintain the properties in condition favourable for sale, the authority of the Commission to conduct them was questionable."

(Report on Accounts to October 31, 1919, p.11)

[22] Federal Reserve

Under the plan of 1913, the Federal Reserve Bank of New York was organized as a corporation under the laws of the State of New York. The plan provided for the establishment of a central bank, the Federal Reserve Bank, and for the establishment of twelve regional banks. The plan also provided for the establishment of a Federal Reserve Board, which was to be composed of five members, three of whom were to be appointed by the President and two by the Senate. The plan further provided for the establishment of a Federal Reserve Note, which was to be issued by the Federal Reserve Bank. The plan also provided for the establishment of a Federal Reserve Discount, which was to be made available to member banks. The plan was adopted by the Congress in December, 1913, and the Federal Reserve Bank was organized in January, 1914.

For the fiscal year ending October 31, 1913, the Federal Reserve Bank of New York reported a net income of \$1,000,000. This income was derived from the operations of the bank, including the sale of government securities, the purchase of commercial paper, and the discounting of commercial paper. The income was used to pay the expenses of the bank, including salaries, rent, and interest. The balance of the income was distributed to the member banks in the form of dividends. The Federal Reserve Bank of New York also reported a net loss of \$1,000,000 for the fiscal year ending October 31, 1914. This loss was due to the operations of the bank, including the sale of government securities, the purchase of commercial paper, and the discounting of commercial paper. The loss was used to pay the expenses of the bank, including salaries, rent, and interest. The balance of the loss was distributed to the member banks in the form of dividends.

(22) Ontario Power Company.

"On the 12th April 1917, the Commission purchased from Mr J. J. Albright, Buffalo, acting as vendor on behalf of himself and other stockholders of the Ontario Power Company, Limited, \$9,000,000 of the capital stock of that company and a further \$1,000,000, being the balance of the total issued capital of \$10,000,000 to the extent that the vendor was able to obtain delivery from the holders thereof. The purchase price of the stock was \$9,000,000, or such portion of that sum as equalled eighty per cent. of the par value of the stock actually delivered to the Commission, and such amount was payable in forty-year, four per cent. debentures issued by the Commission and guaranteed by the Province of Ontario. It was subsequently arranged between the vendor and the Commission that the purchase was to be completed on the 1st August 1917, and the debentures were dated accordingly.

"Up to 31st October 1917 capital stock in the company to the extent of \$9,980,000 had been transferred to the Commission and debentures were issued in payment therefor to the amount of \$7,984,000, being eighty per cent. of the par value of the stock transferred. Of these debentures, \$300,000 have been retained by the Commission as security against certain accounts payable and accrued charges aggregating about \$90,000, which items the Commission contends have to be met by the vendor."

(Special Report, 1918, pp.30-31)

"While understandings exist as to the repayment to the Commission of advances made for and on behalf of the Power Company, no written agreements appear to be in existence covering the same. With the Power Company a separate entity, administered by its own Board of Directors, it would appear advisable that definite agreements in writing should be effected."

(Report on Accounts to October 31, 1918, p.19)

"The balance of the moneys employed upon construction of the pipe line - \$2,260,441.02 - were provided out of other funds held by the Commission."

(Report on Accounts to October 31, 1919, p.12)

"The capital stock of the Ontario Power Company the Essex System and the Thorold System have all been acquired by the issue of the bonds of the Commission,

(22) Continued.

guaranteed by the Province, and while the Power Commission Act requires that all Sinking Funds received by the Commission must be invested in securities of the Province of Ontario, there is a question as to whether such securities may be retained by the Commission or must be transferred to the Treasurer of the Province."

(Report on Accounts to October 31, 1919, p.13)

"With the purchase during the year by the Commission of a certain few outstanding shares of the capital stock of the Ontario Power Company, the Commission became the owner of the entire capital stock of the Ontario Power Company, under which conditions and having regard to the circumstances surrounding the purchase of shares of the Company and to the provisions of the Power Commission Act, it is the opinion of legal counsel that there is now serious question as to whether the shares of the Ontario Power Company are not now so vested in the Commission as to require that the municipalities on the Niagara System make payment for power received from the Ontario Power Company on the same basis as is required under Section 22 of the Power Commission Act with respect to works constructed with the use of moneys advanced by the Province of Ontario. In other words, that the municipalities pay such a price for power as will provide (with other costs) sinking funds for repayment of the \$3,000,000 of bonds issued in purchase of the shares of the Ontario Power Company and the \$3,344,494.33 advanced by the Commission towards construction of the third pipeline which said sinking funds would amount to approximately \$140,000 per annum. It is of importance that the question be determined so that the Commission may be assured that such basis as it shall adopt in regulating the accounts of the Company and the Niagara System for the future is one proper to be adopted; also for the reason that if purchase of the properties of the Toronto Power Company shall be effected the same question is likely to arise in reference to conduct of the Accounts of such undertakings."

(Report on Accounts to October 31, 1920, p.86)

- (23) Advances to Ontario Municipal Electric Association and the Ontario Hydro Radial Association.

"The Commission has advanced the following amounts to the Ontario Municipal Electric Association and the Ontario Radial Association, jointly, namely:

February 1917	\$1,000.00
March 26, 1917	641.07
March 24, 1917	296.49
May 1, 1917	536.37
May 28, 1917	279.60
October 31, 1917	780.06
December 14, 1917	1,789.10
July 25, 1918	3,082.17
October 4, 1918	<u>1,088.44</u>
Total	\$ 9,493.30

in connection with salaries and expenses of such Associations. These amounts have been included in the costs of administration of the Commission and charged to municipalities and companies as part of overhead expenses. By resolution the Commission has authorized advances to the Associations at the rate of \$4,000 per annum; it is questionable if any provision within the Act permits the Commission to make expenditures of such a character out of the funds of the Commission."

(Report on Accounts to October 31, 1918, p.19-20)

During the administration of John J. Macdonald

"During the fiscal year ending October 31, 1919, the Commission advanced \$4,466.63 to the Ontario Municipal Electric Association and the Ontario Radial Association jointly The authority of the Commission to make such advances is questionable."

(Report on Accounts to October 31, 1919, p.23)

Macdonald paid

"During the fiscal year ending October 31st, 1920, the Commission paid \$4,008.64 to the Ontario Municipal Electric Commission and the Ontario Hydro Radial Association - in respect of the salary and expenses of their Secretary, Mr T. J. Macnigan, of which \$727.50 was charged to the administrative expenses of the Commission and included in the cost of power to the municipalities on the various systems, while \$3,281.14 was charged to Hydro Radial railway construction and stood included in the amounts disbursed in connection therewith and capitalized in the accounts of the Commission as of date October 31st, 1920. The authority

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(23) Continued

of the Commission to make the disbursements of \$727.50 charged to the administrative expenses of the Commission is open to question. The expenditures of \$3,281.14 charged to Hydro Radial construction out of funds held by it for the benefit of Power Systems was beyond its powers".

(Report on Accounts to October 31, 1920, p.87)

"During the fiscal year ending October 31, 1921, the Commission paid the sum of \$3,885.07 to the Ontario Municipal Electric Association and the Ontario Hydro Radial Association. Of such amount \$655.52 was charged to the administrative expenses of the Commission and included in the costs of power to the municipalities on the various systems operated by the Commission. The balance of \$3,229.55 was charged as expenditures made by the Commission in connection with various projected Hydro Radial railways and, with other expenditures made in 1920 and 1921 in respect of such railways, was later charged against the Province. The authority of the Commission to make the disbursements of \$655.52 and \$3,229.55 is open to question."

(Report on Accounts to October 31, 1921, p.121)

(24) Thunder Bay System

"According to the above-mentioned agreements between the municipalities of Port Arthur and Port William and the Commission, the terms of repayment by these municipalities of the capital invested in the works of the system extend over a period of forty years. This is at variance to Section 23 of the Act which provides that every municipal corporation under contract with the Commission shall pay to the Commission as part of the costs of power delivered its proportion of an annual sum sufficient to form in thirty years a sinking fund for the repayment of the advances made by the Province."

(Report on Accounts to October 31, 1918, p.24)

"Certain issues presently exist with regard to the sale of such (excess) power and the probable cost of power to the cities of Port Arthur and Port William, and the attention of the Government, the Commission and the municipalities is now directed towards the same."

(Report on Accounts to October 31, 1919, p.29)

(24) Continued.

"The City of Port Arthur having executed a new contract in May 1917 relative to the purchase by it of power from the Nipigon works, the Commission is in my opinion authorized under the provisions of Section 23 of the Power Commission Act to relieve the City from the payment of any Sinking Fund instalments in respect of the cost of the Nipigon Works for a period of five years from December 20th 1920. Under the provisions of Section 6 (c) of the Power Commission Act, also, the Commission was permitted but not required to include a charge for Contingent Funds in the costs of power delivered to Port Arthur in the year. The Commission was within its powers - therefore - in excluding such charge from the costs of power for the year. In respect of the exclusion of all charges for the renewal of works the attitude adopted by the Commission would appear to be subject to but slight objection, having regard to the fact that the works were operated to a limited extent only, in the year and at a time when they were in course of construction and incomplete."

(Report on Accounts to October 31, 1921, p.40)

"Under the terms of the contract between the City of Port Arthur and the Commission, sinking fund instalments to be included in the cost of power from the Nipigon works are to be those which will be sufficient to repay the cost of works within forty years instead of thirty years as is required generally under the terms of Section 23 of the Power Commission Act."

(Report on Accounts to October 31, 1921, p.39)

(25) Nipigon Interest.

"On the assumption that the Province was and is prepared to accept interest at 5% per annum on all advances made by it to the Commission for the purposes of the Nipigon Works, the Commission reduced interest charges in respect of such advances and to October 31st, 1921, to conform with such rate. To give effect to such reduction the sum of \$71,785.41 was deducted from the interest payment made to the Province on October 31st, 1921, while a further sum of \$5,562.04 stands charged to Suspense Account to be deducted from interest

(25) Continued.

payments to be made to the Province in the fiscal year ending October 31st, 1922.

"In view of the provisions of Section 15 (1A) and 23 of the Act, if the basis adopted by the Commission in its accounts is to be made permanent and valid it is a question if legislative approval of the same is not necessary to be obtained."

(Report on Accounts to October 31, 1921, p.38)

(26) Hydro-Electric Railway Construction

"This represents expenditures of \$54,811.06 made on the purchase of right-of-way between Port Credit and Toronto for the purpose of Hydro-Electric Railways, and \$40,773.28 disbursed by the Commission in connection with preliminary surveys, engineering and investigations, and for other purposes in connection with sundry proposed Hydro-Electric railway lines.

"There was no statutory authority in the Commission to make purchases of such right-of-way but the Commission states that it received assurances from Sir William Hearst, the late Premier of the Province of Ontario, that if it would obtain resolutions by the municipalities interested requesting the Government to introduce and pass all amendments to existing legislation that may be necessary to validate the building of an electric railway line between Toronto and Port Credit as a part of the proposed Toronto to St Catharines Hydro-Electric Railway - so as to make the same legal, valid and binding upon the municipalities - that the Government would, with the presentation to it of such resolutions, support legislation to that effect. On the basis of these assurances and with resolutions by the municipalities in its possession, the Commission felt justified in acquiring such right-of-way, and later making further expenditures thereon out of funds held by it under the terms of the Power Commission Act, in the belief that by so doing it would make a saving in the cost of the proposed Port Credit to Toronto railway line. The Commission expended \$40,773.28 over and above amounts charged to the Province on preliminary surveys, investigations, for engineering expenses and for campaign and other purposes in respect of various electric railway lines, and such amount has for the time being been capitalized in the Commission's accounts.

(26) Continued

The right of the Commission to make such expenditures is questionable".

(Report on Accounts to October 31, 1919, pp.8-9)

Port Credit to St Catharines Railway

"To October 31st 1920 the amounts expended by the Commission on the undertaking were as follows:

Expended upon the purchase of right-of-way	\$ 72,586.77
Construction materials purchased	263,472.46
Surveying, engineering, administrative expenses and interest	77,761.62
	<u>\$ 413,620.85</u>

of which \$7,111.19 had been expended to October 31st 1919, while \$406,509.66 as per details set out in Schedule 18 hereto, was expended in the fiscal year ending October 31st 1920.

"To provide the funds out of which such expenditures of \$413,620.85 were made the Commission to October 31st 1920 had borrowed the sum of \$100,000. from the Bank of Montreal upon the security of \$1,200,000 of bonds of the Commission guaranteed by the Government as above mentioned. The remaining \$313,620.85 was obtained with the use of appropriations and funds held by the Commission for the benefit and purpose of Hydro-Electric power systems".

(Report on Accounts to October 31st 1920, p.63)

Toronto to Port Credit Railway

"The Commission states that in the latter part of the fiscal year ending October 31, 1919, it received assurances from Sir William Hearst, the then Premier of the Province of Ontario, that if it would obtain resolutions from the municipalities interested requesting the Government to introduce and pass all amendments to existing legislation that might be necessary to validate the building of an electric railway line between Toronto and St Catharines as a part of the proposed Toronto to St Catharines Hydro Electric Railway - so as to make the same legal, valid and binding upon the municipalities -

CONFIDENTIAL

On April 11, 1961, the Commission on the Assassination of President Kennedy was organized. The Commission was organized by the President of the United States, John F. Kennedy, and the Vice President, Lyndon B. Johnson.

CONFIDENTIAL

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CONFIDENTIAL

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(26) Continued.

that the Government would with the presentation to it of such resolutions support legislation to that effect. On the basis of these assurances and with the resolutions by the municipalities in its possession the Commission states that it felt justified in acquiring rights-of-way and later making further expenditures thereon out of funds held by it under the terms of the Power Commission Act in the belief that by so doing it would make a saving in the cost of the proposed Port Credit to Toronto Railway line. To October 31, 1920, the amounts so expended by the Commission upon the undertaking were as follows:

Expended upon the purchase of rights-of-way	\$ 624,996.92
Expenditures upon surveying, engineering, administrative expenses and interest	58,239.82
	<u>\$ 683,236.74</u>

(Report on Accounts to October 31, 1920, p.64)

"In respect of the costs of surveying, engineering and investigations in connection with the following projected radial railroads -

Toronto and Eastern Railway	\$ 43,946.40
St Catharines and Niagara Falls Railway	25,984.29
Hamilton, Galt, Elmira and Guelph Railway	36,482.06
Hamilton, Brantford, Woodstock and London Railway	17,674.34
	<u>\$ 124,087.09</u>

"In respect of the costs of the valuation of -

Niagara, St Catharines and Toronto Railway	\$ 1,005.27
Toronto and Suburban Railway	5,604.86 "

(Report on Accounts to October 31, 1920, p.69)

(26) Continued.

"With respect to the investments of the Commission in Hydro Radial Railways, debentures of municipalities interested therein stood deposited with the Commission on October 31, 1920, in the instances and to the extents mentioned in the separate reports hereto preceding. The investments of \$124,087.09 in respect of projected railways represented expenditures over and above sums appropriated by the Province (and expended by the Commission) for the purposes of the same, while the \$6,610.13 disbursed in connection with the valuation of the Niagara, St Catharines and Toronto Railway and the Toronto and Suburban Railway represents expenses and costs incurred by the Commission in making such valuations."

(Report on Accounts to October 31, 1920, p.70)

"To provide the funds out of which such expenditures of \$277,302.21 were made, the Commission had, prior to October 31st, 1920, borrowed the sum of \$100,000. from the Bank of Montreal upon the security of \$1,200,000. of bonds of the Commission guaranteed by the Province as above mentioned. Of the remainder of \$377,302.21 - \$313,620.83 had to October 31st 1920, been expended by the Commission out of appropriations for and funds held by the Commission for the benefit and purposes of Hydro-Electric power systems. On December 28th, 1920, however, the Commission borrowed a further \$400,000 - making \$500,000. in all - from the Bank of Montreal upon the security of the \$1,200,000. of bonds before mentioned, and out of such loan made repayment into the general funds of the Commission of the amounts borrowed from power systems for the purposes of the railway system."

(Report on Accounts to October 31, 1921, p.97)

(26) Continued.

" To October 31st 1921 the amounts expended by the Commission upon the undertaking were as follows:

(1) Expended upon the purchase of rights-of-way	\$ 632,291.68
(2) Expenditures upon surveying, engineering, administrative expenses and interest	103,477.96
Total of -	\$ 735,769.64

of which \$52,477.96 was expended in the fiscal year ending October 31st 1921 for the following purposes:

Payment of balances owing upon rights-of-way	\$ 13,470.16
Interest	45,183.20
	\$ 58,653.36
Less: excess of revenues from property, over taxes and other expenses	6,175.40
Leaving net expenditures of -	\$ 52,477.96

"The expenditures of \$52,477.96 above-mentioned were made by the Commission out of appropriations made by the Province to meet the costs of "Miscellaneous Construction" in respect of power systems. There was - in my opinion - no authority in the Commission to use the \$52,477.96 expended for such purposes but equally there was no other source available from which the Commission could legally obtain funds to enable it to protect its investment in the railway."

(Report on Accounts to October 31, 1921, p.98)

(27) Expenditures in Excess of Appropriations
by the Province.

"Appropriations made by the Legislature during the year for the purposes of the Commission, but excluding those for the Chippewa works and the Central Ontario System, were as follows:

Niagara System extensions	\$1,000,000.00
Savara System extensions	100,000.00
Eugenia System extensions	50,000.00
Muskoka System extensions	200,000.00
Port Arthur (Thunder Bay)	
System extensions	2,500,000.00
Wasdell System extensions	1,000.00
St. Lawrence System extensions	150,000.00
Kidean System extensions	500,000.00
Miscellaneous	75,000.00
Expenditures on Account of the Province	195,500.00

8. GRAND TOTAL \$4,771,500.00

"Expenditures made by the Commission during the year in respect of such systems and for the purposes for which appropriations were made, were as follows:

On the Niagara System	\$ 522,915.18
" " Severn System	103,936.04
" " Eugenia System	161,685.18
" " Muskoka System	4,862.72
" " Port Arthur (Thunder Bay) System	810,794.76
" " Wasdell System	3,338.32
" " St Lawrence System	163,202.68
" " Rideau System	529,868.57
Expenditures on account of the Province	202,537.49

\$2,503,140.94

"During the fiscal year ending October 31st, 1919, the Commission made requisition upon and obtained from the Province the whole of the moneys appropriated to cover the estimates put in for that period, and after expenditure of portions thereof to the specific purposes for which they were voted, there remained in its hands:

1201
The following is a list of the names of the persons who are members of the committee.

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1. Mr. J. Edgar Hoover	1. Mr. J. Edgar Hoover
2. Mr. Clegg	2. Mr. Clegg
3. Mr. Glavin	3. Mr. Glavin
4. Mr. Ladd	4. Mr. Ladd
5. Mr. Nichols	5. Mr. Nichols
6. Mr. Rosen	6. Mr. Rosen
7. Mr. Tracy	7. Mr. Tracy
8. Mr. Carson	8. Mr. Carson
9. Mr. Egan	9. Mr. Egan
10. Mr. Gurnea	10. Mr. Gurnea
11. Mr. Hendon	11. Mr. Hendon
12. Mr. Mumford	12. Mr. Mumford
13. Mr. Quinn	13. Mr. Quinn
14. Mr. Nease	14. Mr. Nease
15. Mr. Gurnea	15. Mr. Gurnea
16. Mr. Hendon	16. Mr. Hendon
17. Mr. Mumford	17. Mr. Mumford
18. Mr. Quinn	18. Mr. Quinn
19. Mr. Nease	19. Mr. Nease
20. Mr. Gurnea	20. Mr. Gurnea

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6. Mr. Rosen	6. Mr. Rosen
7. Mr. Tracy	7. Mr. Tracy
8. Mr. Carson	8. Mr. Carson
9. Mr. Egan	9. Mr. Egan
10. Mr. Gurnea	10. Mr. Gurnea
11. Mr. Hendon	11. Mr. Hendon
12. Mr. Mumford	12. Mr. Mumford
13. Mr. Quinn	13. Mr. Quinn
14. Mr. Nease	14. Mr. Nease
15. Mr. Gurnea	15. Mr. Gurnea
16. Mr. Hendon	16. Mr. Hendon
17. Mr. Mumford	17. Mr. Mumford
18. Mr. Quinn	18. Mr. Quinn
19. Mr. Nease	19. Mr. Nease
20. Mr. Gurnea	20. Mr. Gurnea

The following is a list of the names of the persons who are members of the committee.

(27) Continued.

"Re Niagara System

Of \$1,000,000 voted for the use
of the Niagara System, the Com-
mission employed \$522,915 for
such purposes and drew in

addition the following sums in
payment of expenditures:

\$ 477,085.00

"Re Muskoka System

Of \$200,000 voted for the use
of the Muskoka System the Com-
mission employed \$4,863 for
such purposes and drew in

addition the following sums in
payment of expenditures:

195,137.00

"Re Port Arthur (Thunder Bay) System

Of \$2,500,000 voted for the use
of this System the Commission
employed \$810,795 for such purposes
and drew in addition

1,689,205.00

"Re Central Ontario and Nipissing

System. Of \$1,175,000 voted for
the use of this System the Com-
mission employed \$463,390 for
such purposes and drew in addition

701,610.00

A total of -

\$ 3,063,037.00

which it expended

(a) on the following Systems in
excess of appropriations therefor:

Seyvern -

Expenditures \$ 103,936.00

Appropriation 100,000.00 3,936.00

Eugenia -

Expenditures 161,685.00

Appropriation 50,000.00 111,685.00

Gasdell -

Expenditures 3,338.00

Appropriation 1,000.00 2,338.00

St Lawrence -

Expenditures 163,203.00

Appropriation 150,000.00 13,203.00

Rideau -

Expenditures 529,868.00

Appropriation 500,000.00 29,868.00

For the Province -

Expenditures 202,838.00

Appropriation 195,500.00 7,338.00

\$ 168,068.00

Less allowance for general purposes

75,000.00

Net expenditure over appropriations, being

\$ 93,068.00

(27) Continued.

(b)	On the construction of the third pipe line, and additional equipment, to the works of the Ontario Power Company	\$ 1,611,270.00
(c)	Upon the Chippawa Works in excess of appropriations of the Legislature therefor	1,162,999.00
(d)	For engineering, surveys, investigations, right-of-way and otherwise in connection with Electric Railway Lines	95,594.00
(e)	On extensions to the Essex System	<u>98,972.00</u>
		\$ 3,261,894.00
	The balance of	\$ 198,657.00

to meet such expenditures having been drawn from the general funds of the Commission.

"It is apparent that the members of the Commission - of themselves - were not fully seized of the extents by which appropriations were being exceeded or moneys being expended for purposes other than those for which appropriations had been asked. With the matter drawn to their attention steps have been taken to keep expenditures within appropriations; at the same time it is recognized that if contingencies arise or work not anticipated or looked for, has to be done in any period, some basis must be arrived at whereunder a general allowance - specified in amount - can be made available to the Commission so as to obviate embarrassment and delay and permit it to continue administration of the undertakings in its charge in a practical manner. Such an allowance could be voted by the Legislature subject to payment of it to the Commission from time to time as required and with the approval of the Lieutenant-Governor in Council".

(Report on Accounts to October 31, 1919, pp.16-18)

